General Assembly

Bill No. 2001

June Special Session, 2001

LCO No. **9122**

Referred to Committee on No Committee

Introduced by:
SEN. SULLIVAN, 5th Dist.
REP. LYONS, 146th Dist.

AN ACT CONCERNING VARIOUS TAXES AND OTHER PROVISIONS RELATED TO REVENUES OF THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subdivision (2) of section 12-407 of the general statutes is repealed and the following is substituted in lieu thereof:

(2) "Sale" and "selling" mean and include: (a) Any transfer of title, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property for a consideration; (b) any withdrawal, except a withdrawal pursuant to a transaction in foreign or interstate commerce, of tangible personal property from the place where it is located for delivery to a point in this state for the purpose of the transfer of title, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever, of the property for a consideration; (c) the producing, fabricating, processing, printing or imprinting of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing or imprinting,

including, but not limited to, sign construction, photofinishing, duplicating and photocopying; (d) the furnishing and distributing of tangible personal property for a consideration by social clubs and fraternal organizations to their members or others; (e) the furnishing, preparing, or serving for a consideration of food, meals or drinks; (f) a transaction whereby the possession of property is transferred but the seller retains the title as security for the payment of the price; (g) a transfer for a consideration of the title of tangible personal property which has been produced, fabricated or printed to the special order of the customer, or of any publication, including but not limited to, sign construction, photofinishing, duplicating and photocopying; (h) a transfer for a consideration of the occupancy of any room or rooms in a hotel or lodging house for a period of thirty consecutive calendar days or less; (i) the rendering of certain services for a consideration, exclusive of such services rendered by an employee for the employer, as follows: (A) Computer and data processing services, including, but not limited to, time, programming, code writing, modification of existing programs, feasibility studies and installation and implementation of software programs and systems even where such services are rendered in connection with the development, creation or production of canned or custom software or the license of custom software, and exclusive of services rendered in connection with the creation, development hosting or maintenance of all or part of a web site which is part of the graphical, hypertext portion of the Internet, commonly referred to as the World-Wide Web, (B) credit information and reporting services, (C) services by employment agencies and agencies providing personnel services, (D) private investigation, protection, patrol work, watchman and armored car services, exclusive of services of off-duty police officers and off-duty firefighters, (E) painting and lettering services, (F) photographic studio services, (G) telephone answering services, (H) stenographic services, (I) services to industrial, commercial or income-producing real property, including, but not limited to, such services as management, electrical, plumbing, painting and carpentry and excluding any such services rendered in

the voluntary evaluation, prevention, treatment, containment or removal of hazardous waste, as defined in section 22a-115, or other contaminants of air, water or soil, provided income-producing property shall not include property used exclusively for residential purposes in which the owner resides and which contains no more than three dwelling units, or a housing facility for low and moderate income families and persons owned or operated by a nonprofit housing organization, as defined in subsection (29) of section 12-412, (J) business analysis, management, management consulting and public relations services, excluding (i) any environmental consulting services, and (ii) any training services provided by an institution of higher education licensed or accredited by the Board of Governors of Higher Education pursuant to section 10a-34, (K) services providing "piped-in" music to business or professional establishments, (L) flight instruction and chartering services by a certificated air carrier on an aircraft, the use of which for such purposes, but for the provisions of subsection (4) of section 12-410 and subsection (12) of section 12-411, would be deemed a retail sale and a taxable storage or use, respectively, of such aircraft by such carrier, (M) motor vehicle repair services, including any type of repair, painting or replacement related to the body or any of the operating parts of a motor vehicle, (N) motor vehicle parking, including the provision of space, other than metered space, in a lot having thirty or more spaces, excluding (i) space in a seasonal parking lot provided by a person who is exempt from taxation under this chapter pursuant to subsection (1), (5) or (8) of section 12-412, (ii) space in a parking lot owned or leased under the terms of a lease of not less than ten years' duration and operated by an employer for the exclusive use of its employees, (iii) valet parking provided at any airport, **[**and**]** (iv) space in municipally-operated railroad parking facilities in municipalities located within an area of the state designated as a severe nonattainment area for ozone under the federal Clean Air Act, or space in a railroad parking facility in a municipality located within an area of the state designated as a severe nonattainment area for ozone under the federal Clean Air Act owned or operated by the state

on or after April 1, 2000, (O) radio or television repair services, (P) furniture reupholstering and repair services, (Q) repair services to any electrical or electronic device, including, but not limited to, equipment used for purposes of refrigeration or air-conditioning, (R) lobbying or consulting services for purposes of representing the interests of a client in relation to the functions of any governmental entity or instrumentality, (S) services of the agent of any person in relation to the sale of any item of tangible personal property for such person, exclusive of the services of a consignee selling works of art, as defined in subsection (b) of section 12-376c, or articles of clothing or footwear intended to be worn on or about the human body other than (i) any special clothing or footwear primarily designed for athletic activity or protective use and which is not normally worn except when used for the athletic activity or protective use for which it was designed, and (ii) jewelry, handbags, luggage, umbrellas, wallets, watches and similar items carried on or about the human body but not worn on the body in the manner characteristic of clothing intended for exemption under subdivision (47) of section 12-412, under consignment, exclusive of services provided by an auctioneer, (T) locksmith services, (U) advertising or public relations services, including layout, art direction, graphic design, mechanical preparation or production supervision, not related to the development of media advertising or cooperative direct mail advertising, (V) landscaping and horticulture services, (W) window cleaning services, (X) maintenance services, (Y) janitorial services, (Z) exterminating services, (AA) swimming pool cleaning and maintenance services, (BB) renovation and repair services as set forth in this subparagraph, to other than industrial, commercial or income-producing real property: Paving of any sort, painting or staining, wallpapering, roofing, siding and exterior sheet metal work, (CC) miscellaneous personal services included in industry group 729 in the Standard Industrial Classification Manual, United States Office of Management and Budget, 1987 edition, or U.S. industry 532220, 812191, 812199 or 812990 in the North American Industrial Classification System United States manual, United States Office of

Management and Budget, 1997 edition, exclusive of (i) services rendered by massage therapists licensed pursuant to chapter 384a, and (ii) services rendered by a hypertrichologist licensed pursuant to chapter 388, (DD) any repair or maintenance service to any item of tangible personal property including any contract of warranty or service related to any such item, (EE) business analysis, management or managing consulting services rendered by a general partner, or an affiliate thereof, to a limited partnership, provided (i) that the general partner, or an affiliate thereof, is compensated for the rendition of such services other than through a distributive share of partnership profits or an annual percentage of partnership capital or assets established in the limited partnership's offering statement, and (ii) the general partner, or an affiliate thereof, offers such services to others, including any other partnership. As used in subparagraph (EE)(i) "an affiliate of a general partner" means an entity which is directly or indirectly owned fifty per cent or more in common with a general partner, **[**;**]** and (FF) notwithstanding the provisions of section 12-412, except subsection (87) thereof, patient care services, as defined in subsection (29) of this section by a hospital, except that "sale" and "selling" does not include such patient care services rendered during the period commencing July 1, 2001, and ending June 30, 2003; (j) the leasing or rental of tangible personal property of any kind whatsoever, including, but not limited to, motor vehicles, linen or towels, machinery or apparatus, office equipment and data processing equipment, provided for purposes of this subdivision and the application of sales and use tax to contracts of lease or rental of tangible personal property, the leasing or rental of any motion picture film by the owner or operator of a motion picture theater for purposes of display at such theater shall not constitute a sale within the meaning of this subsection; (k) the rendering of telecommunications service, as defined in subsection (26) of this section, for a consideration on or after January 1, 1990, exclusive of any such service rendered by an employee for the employer of such employee, subject to the provisions related to telecommunications service in accordance with section 12-407a; (l) the rendering of

community antenna television service, as defined in subsection (27) of this section, for a consideration on or after January 1, 1990, exclusive of any such service rendered by an employee for the employer of such employee; (m) the transfer for consideration of space or the right to use any space for the purpose of storage or mooring of any noncommercial vessel, exclusive of dry or wet storage or mooring of such vessel during the period commencing on the first day of November in any year to and including the thirtieth day of April of the next succeeding year; (n) the sale for consideration of naming rights to any place of amusement, entertainment or recreation within the meaning of subdivision (3) of section 12-540; (o) the transfer for consideration of a prepaid telephone calling service, as defined in subsection (34) of this section, and the recharge of a prepaid telephone calling service, provided, if the sale or recharge of a prepaid telephone calling service does not take place at the retailer's place of business and an item is shipped by the retailer to the customer, the sale or recharge shall be deemed to take place at the customer's shipping address, but, if such sale or recharge does not take place at the retailer's place of business and no item is shipped by the retailer to the customer, the sale or recharge shall be deemed to take place at the customer's billing address or the location associated with the customer's mobile telephone number. Wherever in this chapter reference is made to the sale of tangible personal property or services, it shall be construed to include sales described in this subsection, except as may be specifically provided to the contrary.

Sec. 2. Subdivision (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof:

(1) An excise tax is hereby imposed on the storage, acceptance, consumption or any other use in this state of tangible personal property purchased from any retailer for storage, acceptance, consumption or any other use in this state, the acceptance or receipt of any services constituting a sale in accordance with subdivision (2) of section 12-407, purchased from any retailer for consumption or use in

this state, or the storage, acceptance, consumption or any other use in this state of tangible personal property which has been manufactured, fabricated, assembled or processed from materials by a person, either within or without this state, for storage, acceptance, consumption or any other use by such person in this state, to be measured by the sales price of materials, at the rate of six per cent of the sales price of such property or services, except, in lieu of said rate of six per cent, (A) at a rate of twelve per cent of the rent paid for occupancy of any room or rooms in a hotel or lodging house for the first period of not exceeding thirty consecutive calendar days, (B) with respect to the storage, acceptance, consumption or use in this state of a motor vehicle purchased from any retailer for storage, acceptance, consumption or use in this state by any individual who is a member of the armed forces of the United States and is on full-time active duty in Connecticut and who is considered, under 50 App USC 574, a resident of another state, or to any such individual and the spouse of such individual at a rate of four and one-half per cent of the sales price of such vehicle, provided such retailer requires and maintains a declaration by such individual, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, or other evidence, satisfactory to the commissioner, concerning the purchaser's state of residence under 50 App USC 574, (C) with respect to the acceptance or receipt in this state of labor that is otherwise taxable under subdivision (c) or (g) of subsection (2) of section 12-407 on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax, (D) with respect to the acceptance or receipt in this state of computer and data processing services purchased from any retailer for consumption or use in this state occurring on or after July 1, 1997, and prior to July 1, 1998, at the rate of five per cent of such services, on or after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent of such services, on or after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent of such services, on or after July 1, 2000, and prior to July 1, 2001, at the

rate of two per cent of such services, on and after July 1, 2001, and prior to July 1, 2002, at the rate of one per cent of such services and on and after July 1, 2002, such services shall be exempt from such tax, (E) with respect to the acceptance or receipt in this state of patient care services purchased from any retailer for consumption or use in this state occurring on or after July 1, 1999, and prior to July 1, 2001, and with respect to acceptance or receipt in this state of such services occurring on or after July 1, 2003, at the rate of five and three-fourths per cent, and (F) with respect to acceptance of the renovation and repair services of paving of any sort, painting or staining, wallpapering, roofing, siding and exterior sheet metal work, to other than industrial, commercial or income-producing real property, occurring on or after July 1, 1999, and prior to July 1, 2000, at the rate of four per cent, with respect to such sales occurring on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per cent, and on and after July 1, 2001, sales of such renovation and repair services shall be exempt from such tax.

Sec. 3. Subdivision (1) of section 12-408 of the general statutes is repealed and the following is substituted in lieu thereof:

(1) For the privilege of making any sales, as defined in subdivision (2) of section 12-407, at retail, in this state for a consideration, a tax is hereby imposed on all retailers at the rate of six per cent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail or from the rendering of any services constituting a sale in accordance with subdivision (2) of section 12-407, except, in lieu of said rate of six per cent, (A) at a rate of twelve per cent with respect to each transfer of occupancy, from the total amount of rent received for such occupancy of any room or rooms in a hotel or lodging house for the first period not exceeding thirty consecutive calendar days, (B) with respect to the sale of a motor vehicle to any individual who is a member of the armed forces of the United States and is on full-time active duty in Connecticut and who is considered, under 50 App USC 574, a resident of another state, or to any such individual and the

spouse thereof, at a rate of four and one-half per cent of the gross receipts of any retailer from such sales, provided such retailer requires and maintains a declaration by such individual, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, or other evidence, satisfactory to the commissioner, concerning the purchaser's state of residence under 50 App USC 574, (C) (i) with respect to the sales of computer and data processing services occurring on or after July 1, 1997, and prior to July 1, 1998, at the rate of five per cent, on or after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent, on or after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001, and prior to July 1, 2002, at the rate of one per cent and on and after July 1, 2002, such services shall be exempt from such tax, (ii) with respect to sales of Internet access services, on and after July 1, 2001, such services shall be exempt from such tax, (D) with respect to the sales of labor that is otherwise taxable under subdivision (c) or (g) of subsection (2) of section 12-407 on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax, (E) with respect to sales of the renovation and repair services of paving of any sort, painting or staining, wallpapering, roofing, siding and exterior sheet metal work, to other than industrial, commercial or income-producing real property, occurring on or after July 1, 1999, and prior to July 1, 2000, at the rate of four per cent, with respect to such sales occurring on or after July 1, 2000, but prior to July 1, 2001, at the rate of two per cent, and on and after July 1, 2001, sales of such renovation and repair services shall be exempt from such tax, and (F) with respect to patient care services occurring on or after July 1, 1999, and prior to July 1, 2001, and with respect to such services occurring on or after July 1, 2003, at the rate of five and three-fourths per cent. The rate of tax imposed by this chapter shall be applicable to all retail sales upon the effective date of such rate, except that a new rate which represents an increase in the rate applicable to the sale shall not apply to any sales

transaction wherein a binding sales contract without an escalator clause has been entered into prior to the effective date of the new rate and delivery is made within ninety days after the effective date of the new rate. For the purposes of payment of the tax imposed under this section, any retailer of services taxable under subdivision (2)(i) of section 12-407, who computes taxable income, for purposes of taxation under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, on an accounting basis which recognizes only cash or other valuable consideration actually received as income and who is liable for such tax only due to the rendering of such services may make payments related to such tax for the period during which such income is received, without penalty or interest, without regard to when such service is rendered.

Sec. 4. Section 12-202b of the general statutes is repealed and the following is substituted in lieu thereof:

(a) For income years commencing on or after January 1, 2000, there shall be allowed as a credit against the tax imposed by section 12-202a an amount as calculated pursuant to subsection (b) of this section.

(b) (1) The amount of credit allowed in any income year commencing prior to January 1, 2001, shall be equal to fifty-five dollars multiplied by the sum of the number of persons provided health care coverage by the taxpayer under the HUSKY **[**Medicaid**]** Plan, Part A, HUSKY Plan, Part B **[**,**]** or the HUSKY Plus programs, each as defined in section 17b-290, on the first day of each month of the income year for which the credit is taken, divided by twelve.

(2) The amount of credit allowed in any income year commencing on or after January 1, 2001, shall be equal to seventy-three dollars and fifty cents multiplied by the sum of the number of persons provided health care coverage by the taxpayer under the HUSKY Plan, Part A, HUSKY Plan, Part B or the HUSKY Plus programs, each as defined in section 17b-290, on the first day of each month of the income year for

which the credit is taken, divided by twelve.

(c) The credit allowed under this section shall not be taken into account for purposes of the installment payments due under section 12-204c but shall be taken into account in the annual return required under section 12-205.

(d) The amount of credit allowed any taxpayer under this section for any income year may not exceed the amount of tax due from such taxpayer under section 12-202a with respect to such income year.

Sec. 5. Section 32-305 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) The Commissioner of Revenue Services shall segregate (1) one and one-half per cent of the gross receipts from sales within the meaning of subdivision (h) of subsection (2) of section 12-407 by any hotel or lodging house located in any municipality having a population of less than sixty-five thousand, (2) three and one-half per cent of the gross receipts from such sales in any municipality having a population of sixty-five thousand or more but less than seventy-five thousand, and (3) four and one-half per cent of the gross receipts from such sales in any municipality having a population of seventy-five thousand or more, provided the commissioner shall segregate three and one-half per cent of the gross receipts from such sales in the municipality having the most popular tourist attraction in the state, as determined by the Office of Tourism, if such municipality has a population of less than sixty-five thousand.

(b) (1) Such segregated funds shall be allocated to tourism districts established under section 32-302 as follows: The portion of the funds attributable to such tax receipts in a municipality shall be allocated to the tourism district in which the municipality is located, provided (A) ninety per cent of the amount attributable to such gross receipts from sales in Hartford shall be allocated to the Capital City Economic Development Authority and ten per cent of the amount attributable to

such gross receipts from sales in Hartford shall be allocated to the Greater Hartford Arts Council, (B) seventy-five per cent of the amount attributable to such gross receipts from sales in New Haven shall be allocated to the New Haven Coliseum Authority, (C) seventy-five per cent of the amount attributable to such gross receipts from sales in Stamford shall be allocated to the Stamford Center for the Arts, (D) seventy-five per cent of the amount attributable to such gross receipts from sales in Norwalk shall be allocated to the Maritime Center Authority, and (E) seventy-five per cent of the amount attributable to such gross receipts from sales in Bridgeport shall be allocated to the Greater Fairfield district established in section 32-302, for the sole purpose of marketing tourist attractions located in Bridgeport.

(2) For the fiscal year ending June 30, 2002, and the fiscal year ending June 30, 2003, the Commissioner of Revenue Services shall allocate to the tourism districts a total amount which shall be no more than the total amount allocated for the fiscal year ending June 30, 2001, provided the amounts allocated pursuant to subparagraphs (A) to (E), inclusive, of subdivision (1) of this subsection shall continue to be so allocated in accordance with said subdivision (1) regardless of any limitations imposed by this subdivision (2).

(3) If for any state fiscal year the amount of the allocation under subparagraph (E) of subdivision (1) of this subsection is less than the amount of funds allocated during the fiscal year ending June 30, 1991, to the then existing Bridgeport Convention and Visitors Bureau, pursuant to sections 7-136b and 7-136c of the general statutes, revised to January 1, 1991, the Connecticut Tourism Council shall provide a grant under section 32-300, from the tourism account, in the amount of such difference, to said Greater Fairfield district for the purpose set forth in subparagraph (E) of subdivision (1) of this subsection. **[**Notwithstanding the provisions of this section, during the fiscal year ending June 30, 1998, the Commissioner of Revenue Services shall segregate one hundred fifty thousand dollars from any increase in

receipts of such amount segregated under this section during the fiscal year ending June 30, 1997, and shall allocate such segregated amount to the Connecticut Film, Video and Media Office established under section 32-86a, provided the amount segregated and allocated to any entity under this section is not less than the amount segregated and allocated during the fiscal year ending June 30, 1997.**]**

(4) For the biennium ending June 30, 2003, any balance of the funds segregated under this section and not otherwise allocated pursuant to this subsection shall be transferred to the General Fund.

(c) Not later than January 1, 1999, and annually thereafter, each tourism district and each authority receiving funds under this section shall submit to the Connecticut Tourism Council a full audit of the books and accounts of the district or authority for the preceding fiscal year at the same time that an audit is submitted to the Office of Policy and Management under subsection (f) of section 32-302. Each such audit shall be conducted by an independent certified public accountant. The Commissioner of Revenue Services shall also segregate an additional one million dollars of the sales tax receipts from such sales in the state during each state fiscal year and allocate such funds to the cultural heritage development account established under section 10-373bb. The Commissioner of Revenue Services may adopt regulations, in accordance with the provisions of chapter 54, concerning accounting procedures necessary to carry out the purposes of this section.

[(b)**]** (d) Except as provided by law, a tourism district, convention center authority, coliseum authority or the Capital City Economic Development Authority, as the case may be, may borrow money to pay its obligations that cannot be paid at maturity out of current revenue from such allocations, but shall not borrow a sum greater than can be repaid out of the allocations anticipated during the year in which the money is borrowed. The tourism district, convention center authority or coliseum authority, as the case may be, may pledge its

securities to secure the repayment of any sum so borrowed.

[(c)**]** (e) Notwithstanding the provisions of subsection (a) of this section, if ninety days have elapsed since a plan for corrective action has been filed for a tourism district under subsection (g) of section 4-233 and the Secretary of the Office of Policy and Management, in consultation with the Connecticut Tourism Council, finds that the plan has not been implemented, the secretary shall notify the Commissioner of Revenue Services who shall then segregate ten per cent of the district's monthly disbursement of funds under subsection (a) of this section and deposit such amount into a separate account each month until the secretary finds that such plan is being implemented at which time **[**he**]** the secretary shall inform said commissioner who shall then disburse any funds accrued in the account to the district.

[(d)**]** (f) Notwithstanding the provisions of this section, (1) the funds segregated by the Commissioner of Revenue Services under subsection **[**(a)**]** (b) of this section that are attributable to a hotel opened **[**, or to new rooms added to an existing hotel,**]** in the city of Hartford on or after May 2, 2000, shall be allocated (A) ten per cent to the Greater Hartford Arts Council, and (B) ninety per cent to the Capital City Economic Development Authority to be used by the authority, among other purposes, for start-up and operating expenses of, and a replacement reserve for, the convention center, as defined in section 32-600, and (2) commencing July 1, 2003, and continuing until such time as the Capital City Economic Development Authority shall certify to the Commissioner of Revenue Services that such an additional source of revenue is no longer needed by the authority to meet current or projected operating deficiencies of the convention center, fifty per cent of the excess of (A) the funds segregated by the Commissioner of Revenue Services each month under subsection (a) of this section that are attributable to gross receipts from sales in the Greater Hartford district established in section 32-302, exclusive of such amounts otherwise allocated to the capital city economic development district pursuant to this section, over (B) the average monthly amount

segregated and allocated to the Greater Hartford district under subsection (a) of this section, exclusive of such amounts allocated to the Capital City Economic Development Authority, during the fiscal year ending June 30, 2000, shall be allocated to the Capital City Economic Development Authority and used by the authority exclusively to pay, or to fund an operating expense reserve account to provide for the future payment of, start-up and operating expenses of the convention center. In the event that at any time the Capital City Economic Development Authority determines that amounts deposited and then held in such operating expense reserve account pursuant to this section are no longer needed to meet current or projected operating deficiencies of the convention center, the authority shall return such amounts to the Greater Hartford district for use in accordance with its purposes.

(g) For the fiscal year ending June 30, 2002, and each fiscal year thereafter, the Commissioner of Revenue Services shall segregate from the gross receipts from sales within the meaning of subdivision (h) of subsection (2) of section 12-407 by any hotel or lodging house an amount sufficient to make the following allocations and shall allocate such segregated funds as follows: (1) For the fiscal year ending June 30, 2002, and each fiscal year thereafter, to the Connecticut Historical Commission for the purposes described in subsection (b) of section 10-320e, forty thousand dollars; (2) for the fiscal year ending June 30, 2002, and each fiscal year thereafter, to the Department of Economic and Community Development for the purposes described in subsection (b) of section 10-320e, fifty thousand dollars; (3) for the fiscal year ending June 30, 2002, and each fiscal year thereafter, to the State Commission on the Arts to promote and publicize the Impressionists Arts Trail, fifty thousand dollars; (4) for the fiscal year ending June 30, 2002, and each fiscal year thereafter, to the Connecticut Historical Commission for the Historical Resource Inventory, thirty thousand dollars; (5) for the fiscal year ending June 30, 2002, and each fiscal year thereafter, to the central tourism account, established pursuant to section 32-303, five hundred thousand dollars; (6) to the

Connecticut Film, Video and Media Office established under section 32-86a, for the fiscal year ending June 30, 2002, four hundred thousand dollars and the fiscal year ending June 30, 2003, and each fiscal year thereafter, four hundred twelve thousand dollars; (7) to the Department of Transportation for ferries operated by the state pursuant to section 13a-252, for the fiscal year ending June 30, 2002, six hundred fifty-eight thousand eight hundred ninety-eight dollars and the fiscal year ending June 30, 2003, and each fiscal year thereafter, six hundred eighty-eight thousand two hundred two dollars.

Sec. 6. Subsection (i) of section 32-656 of the general statutes is repealed and the following is substituted in lieu thereof:

(i) The secretary and the authority shall jointly select and appoint an independent construction contract compliance officer or agent, which may be an officer or agency of a political subdivision of the state, other than the authority, or a private consultant experienced in similar public contract compliance matters, to monitor compliance by the secretary, the authority, the project manager and each prime construction contractor with the provisions of applicable state law, including subdivision (1) of section 12-412, subsection (a) of section 12-498, sections 12-541 and 13a-25, subdivision (1) of section 22a-134, subsection **[**(d)**]** (f) of section 32-305, section 32-600, subsection (c) of section 32-602, subsection (e) of section 32-605, section 32-610, subsections (a) and (b) of section 32-614, sections 32-617, 32-617a, 32-650, 32-651 to 32-658, inclusive, 32-660 and 32-661, subsection (b) of section 32-662, section 32-663, subsections (j) to (l), inclusive, of section 32-664, sections 32-665 to 32-666a, inclusive, sections 32-668 and 48-21 and sections 29 and 30 of public act 00-140*, and with applicable requirements of contracts with the secretary or the authority, relating to set-asides for small contractors and minority business enterprises and required efforts to hire available and qualified members of minorities and available and qualified residents of the city of Hartford and the town of East Hartford for construction jobs with respect to the overall project and the on-site related private development. Such

independent contract compliance officer or agent shall file a written report of his or her findings and recommendations with the secretary and the authority each quarter during the period of project development.

Sec. 7. Section 2-35 of the general statutes is repealed and the following is substituted in lieu thereof:

All bills carrying or requiring appropriations and favorably reported by any other committee, except for payment of claims against the state, shall, before passage, be referred to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, unless such reference is dispensed with by a vote of at least two-thirds of each house of the General Assembly. Resolutions paying the contingent expenses of the Senate and House of Representatives shall be referred to said committee. Said committee may originate and report any bill which it deems necessary and shall, in each odd-numbered year, report such appropriation bills as it deems necessary for carrying on the departments of the state government and for providing for such institutions or persons as are proper subjects for state aid under the provisions of the statutes, for the ensuing biennium. In each even-numbered year, the committee shall originate and report at least one bill which adjusts expenditures for the ensuing fiscal year in such manner as it deems appropriate. Each appropriation bill shall specify the particular purpose for which appropriation is made and shall be itemized as far as practicable. The state budget act may contain any legislation necessary to implement its appropriations provisions, provided no other general legislation shall be made a part of such act. The state budget act passed by the legislature for funding the expenses of operations of the state government in the ensuing biennium shall contain a statement of estimated revenue, itemized by major source, for each appropriated fund. The statement of estimated revenue applicable to each such fund shall include, for any fiscal year, an estimate of total revenue with respect to such fund, which amount

shall be reduced by (1) an estimate of total refunds of taxes to be paid from such revenue in accordance with the authorization in section 12-39f, and (2) an estimate of total refunds of payments to be paid from such revenue in accordance with the provisions of section 4-37, as amended by this act. Such statement of estimated revenue, including the estimated refunds of taxes to be offset against such revenue, shall be supplied by the joint standing committee of the General Assembly having cognizance of matters relating to state finance, revenue and bonding. The total estimated revenue for each fund, as adjusted in accordance with this section, shall not be less than the total net appropriations made from each fund. On or before July first of each fiscal year said committee shall, if any revisions in such estimates are required by virtue of legislative amendments to the revenue measures proposed by said committee, changes in conditions or receipt of new information since the original estimate was supplied, meet and revise such estimates and, through its cochairpersons, report to the Comptroller any such revisions.

Sec. 8. Section 4-37 of the general statutes is repealed and the following is substituted in lieu thereof:

The Comptroller, upon application of any state department or commission, may draw an order upon the Treasurer in favor of any person equitably entitled to the refund of any money paid to the state, for the amount of such refund. **[**Any such payments from the General Fund shall be made from funds appropriated to the Comptroller for this purpose.**]** The State Treasurer shall pay the amount of such refund from the fund to which such payment is credited.

Sec. 9. Section 14-23 of the general statutes is repealed and the following is substituted in lieu thereof:

The commissioner may make application to the Comptroller for a refund when any person surrenders his or her registration or number plate or plates on any noncommercial motor vehicle and is inducted into the armed forces, as defined by section 27-103, during the then

current registration period, such refund to be figured on a quarterly prorated basis but not to exceed three-quarters of the registration fee. The Comptroller, upon application of the commissioner and with the approval of the Attorney General, shall draw **[**his**]** an order on the Treasurer in favor of any person who has been inducted into the armed forces for a refund of money paid for the registration of a motor vehicle. **[**, and the amount thereof shall be charged by the Treasurer against any funds in his hands to the credit of the Department of Transportation.**]**

Sec. 10. Section 14-31 of the general statutes is repealed and the following is substituted in lieu thereof:

Any person may surrender to the commissioner the registration certificate and the number plates for any motor vehicle with a commercial registration in the name of such person, if such motor vehicle, prior to the expiration of the term of its registration, has become unfit for use, accompanied by a statement under oath attesting to the unfitness of such vehicle, and the commissioner shall thereupon make application to the Comptroller for the refund to such registrant of such portion of the registration fee for such motor vehicle as is applicable to the number of months between the date of such surrender and the date of the expiration of such registration. The Comptroller, upon such application, shall draw **[**his**]** an order on the Treasurer in favor of such registrant for the amount of the refund provided for herein. **[**and such amount shall be charged by the Treasurer against any funds appropriated to the commissioner for refunds of income.**]** The commissioner shall retain **[**in his files**]** a record of each such application for a refund and of the action of the Comptroller thereon, and shall not reregister such motor vehicle.

Sec. 11. Section 12-217ee of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Any taxpayer that (1) is a qualified small business, (2) qualifies for a credit under section 12-217j or section 12-217n, and (3) cannot

take such credit in the taxable year in which the credit could otherwise be taken as a result of having no tax liability under this chapter may elect to carry such credit forward under this chapter or may apply to the commissioner as provided in subsection (b) of this section to exchange such credit with the state for a **[**cash payment**]** credit refund equal to sixty-five per cent of the value of the credit. Any amount of credit refunded under this section shall be refunded to the taxpayer under the provisions of this chapter, except that such credit refund shall not be subject to the provisions of section 12-227.

(b) An application for **[**such payment**]** refund of such credit amount shall be made to the Commissioner of Revenue Services, at the same time such taxpayer files a final return for the income year, on such forms and containing such information as prescribed by said commissioner. If the commissioner determines that the taxpayer qualifies for a **[**payment**]** credit refund under this section, the commissioner shall notify, no later than one hundred twenty days from receipt of the application for such **[**payment**]** credit refund, the State Comptroller of the **[**names**]** name of the eligible taxpayer, and the State Comptroller shall draw an order on the State Treasurer in the amount thereof for payment to such taxpayer.

(c) The Commissioner of Revenue Services may disallow the **[**exchange**]** credit refund of any credit otherwise allowable for a taxable year under this section if the company claiming the exchange has any amount of taxes due and unpaid to the state including interest, penalties, fees and other charges related thereto for which a period in excess of thirty days has elapsed following the date on which such taxes were due and which are not the subject of a timely filed administrative appeal to the commissioner or of a timely filed appeal pending before any court of competent jurisdiction. Before any such disallowance, the commissioner shall send written notice to the company, stating that it may pay the amount of such delinquent tax or enter into an agreement with the commissioner for the payment thereof, by the date set forth in said notice, provided, such date shall

not be less than thirty days after the date of such notice. Failure on the part of the company to pay the amount of the delinquent tax or enter into an agreement to pay the amount thereof by said date shall result in a disallowance of the **[**exchange**]** credit refund being claimed.

(d) For purposes of this section "qualified small business" means a company that (1) has gross income for the previous income year that does not exceed seventy million dollars, and (2) has not, in the determination of the commissioner, met the gross income test through transactions with a related person, as defined in section 12-217w.

Sec. 12. (NEW) For the fiscal year ending June 30, 2002, and each fiscal year thereafter, revenue received by the Department of Administrative Services-Financial Services Center/Collections from Medicaid managed care plans for services performed at Riverview Hospital shall be deposited in the General Fund and credited to a nonlapsing account in the Department of Social Services and shall be available for expenditure by the Department of Social Services for the payment of Medicaid claims.

Sec. 13. (NEW) For the fiscal year ending June 30, 2002, and each fiscal year thereafter, all federal matching funds received by the Department of Social Services for special education-related services rendered in schools pursuant to section 10-76d of the general statutes, shall be deposited in the General Fund and credited to a nonlapsing account in the Department of Social Services. Sixty per cent of such funds shall be expended by the Department of Social Services for payment of grants to towns pursuant to subdivision (3) of subsection (a) of section 10-76d of the general statutes, and the remaining funds shall be available for expenditure by the Department of Social Services for the payment of Medicaid claims.

Sec. 14. Section 22a-451 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Any person, firm or corporation which directly or indirectly

causes pollution and contamination of any land or waters of the state or directly or indirectly causes an emergency through the maintenance, discharge, spillage, uncontrolled loss, seepage or filtration of oil or petroleum or chemical liquids or solid, liquid or gaseous products or hazardous wastes or which owns any hazardous wastes deemed by the commissioner to be a potential threat to human health or the environment and removed by the commissioner shall be liable for all costs and expenses incurred in investigating, containing, removing, monitoring or mitigating such pollution and contamination, emergency or hazardous waste, and legal expenses and court costs incurred in such recovery, provided, if such pollution or contamination or emergency was negligently caused, such person, firm or corporation may, at the discretion of the court, be liable for damages equal to one and one-half times the cost and expenses incurred and provided further if such pollution or contamination or emergency was wilfully caused, such person, firm or corporation may, at the discretion of the court, be liable for damages equal to two times the cost and expenses incurred. The costs and expenses of investigating, containing, removing, monitoring or mitigating such pollution, contamination, emergency or hazardous waste shall include, but not be limited to, the administrative cost of such action calculated at ten per cent of the actual cost plus the interest on the actual cost at a rate of ten per cent per year thirty days from the date such costs and expenses were sought from the party responsible for such pollution, contamination or emergency. The costs of recovering any legal expenses and court costs shall be calculated at five per cent of the actual costs, plus interest at a rate of ten per cent per year thirty days from the date such costs were sought from the party responsible for such pollution, contamination or emergency. Upon request of the commissioner, the Attorney General shall bring a civil action to recover all such costs and expenses.

(b) If the person, firm or corporation which causes any discharge, spillage, uncontrolled loss, seepage or filtration does not act immediately to contain and remove or mitigate the effects of such discharge, spillage, loss, seepage or filtration to the satisfaction of the

commissioner, or if such person, firm or corporation is unknown, and such discharge, spillage, loss, seepage or filtration is not being contained, removed or mitigated by the federal government, a state agency, a municipality or a regional or interstate authority, the commissioner may contract with any person issued a permit pursuant to section 22a-454 to contain and remove or mitigate the effects of such discharge, spillage, loss, seepage or filtration. The commissioner may contract with any person issued a permit pursuant to said section 22a-454 to remove any hazardous waste that **[**he**]** the commissioner deems to be a potential threat to human health or the environment.

(c) Whenever the commissioner incurs contractual obligations pursuant to subsection (b) of this section and the responsible person, firm or corporation or the federal government does not assume such contractual obligations, the commissioner shall request the Attorney General to bring a civil action pursuant to subsection (a) of this section to recover the costs and expenses of such contractual obligations. If the responsible person, firm or corporation is unknown, the commissioner shall request the federal government to assume such contractual obligations to the extent provided for by the federal Water Pollution Control Act.

(d) There is established an account to be known as the emergency spill response account, for the purpose of providing money for (1) costs associated with the implementation of section 22a-449 and chapter 441; (2) the containment and removal or mitigation of the discharge, spillage, uncontrolled loss, seepage or filtration of oil or petroleum or chemical liquids or solid, liquid or gaseous products or hazardous wastes including the state share of payments of the costs of remedial action pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 USC 9601 et seq.), as amended; (3) provision of potable drinking water pursuant to section 22a-471; (4) completion of the inventory required by section 22a-8a; (5) the removal of hazardous wastes that the commissioner deems to be a potential threat to human health or the environment; (6)

(A) the provision of short-term potable drinking water pursuant to subdivision (1) of subsection (a) of section 22a-471 and the preparation of an engineering report pursuant to subdivision (2) of subsection (a) of said section when pollution of the groundwaters by pesticides has occurred or can reasonably be expected to occur; (B) the study required by special act 86-44* and (C) as funds allow, education of the public on the proper use and disposal of pesticides and the prevention of pesticide contamination in drinking water supplies; (7) loans and lines of credit made in accordance with the provisions of section 32-23z; (8) the accomplishment of the purposes of sections 22a-133b to 22a-133g, inclusive, and sections 22a-134 to 22a-134d, inclusive, including staffing, and section 22a-133k; (9) development and implementation by the commissioner of a state-wide aquifer protection program pursuant to the provisions of sections 19a-37, 22-6c, 22a-354c, 22a-354e, 22a-354g to 22a-354bb, inclusive, 25-32d, 25-33h, 25-33n and subsection (a) of section 25-84, including, but not limited to, development of state regulations for land uses in aquifer protection areas, technical assistance and educational programs; (10) research on toxic substance contamination, including research by the Environmental Research Institute and the Institute of Water Resources at The University of Connecticut and by the Connecticut Agricultural Experiment Station; (11) the costs of the commissioner in performing or approving level A mapping of aquifer protection areas pursuant to this title; and (12) inventory and evaluation of the farm resource management requirements of farms in aquifer areas by the eight county soil and water conservation districts. **[**The emergency spill response account shall be an account of the General Fund. On July 1, 1995, any balance remaining in said account shall be transferred to the resources of the General Fund, except that beginning July 1, 1996, any amount appropriated for emergency spill response up to one million dollars shall not lapse on June thirtieth of the ending fiscal year, but shall continue to be available for expenditure for such purpose in the next succeeding fiscal year.**]** <u>The emergency spill response account shall be an account of the Environmental Quality Fund. On the effective date of</u>

this act, any balance remaining in said account shall be transferred to the resources of the Environmental Quality Fund. No expenditures shall be made from the amount transferred until on or after July 1, 2001.

(e) The Commissioner of Environmental Protection shall, annually, in accordance with section 4-77, submit to the Secretary of the Office of Policy and Management an operating budget for the emergency spill response account that provides for the operation of programs funded from such account. Such annual operating budget shall include an estimate of revenues from all other sources to meet the estimated expenditures of the account for such fiscal year. Within thirty days prior to the first day of such fiscal year the Secretary of the Office of Policy and Management shall approve said operating budget, with such changes, amendments, additions and deletions as shall be agreed upon prior to that date by the Commissioner of Environmental Protection and the Secretary of the Office of Policy and Management.

Sec. 15. Section 4-29b of the general statutes is repealed and the following is substituted in lieu thereof:

Any state agency which receives indirect cost recoveries from federal grant funds or other sources, when such recoveries apply to costs originally paid from the General Fund, shall deposit such cost recoveries with the Treasurer, to the credit of General Fund revenues, unless such deposit is waived by the Secretary of the Office of Policy and Management. This section does not apply to any applicable overhead charges on assessments recovered by the state pursuant to sections 12-586g and 12-586f. For purposes of this section "state agency" **[**shall**]** does not include any constituent unit of the state system of higher education or any state institution of higher education.

Sec. 16. Notwithstanding the provisions of section 13b-61 of the general statutes, for the fiscal year commencing July 1, 2002, and ending June 30, 2003, the Commissioner of Revenue Services shall deposit into the Conservation Fund established under section 22a-27h

of the general statutes one million dollars of the amount of the funds received by the state from the tax imposed under chapter 227 of the general statutes. The funds deposited pursuant to this section shall be allocated to the fisheries account for recreational fishing purposes and shall be in addition to those funds deposited pursuant to section 12-460a of the general statutes.

Sec. 17. Subparagraph (a) of subdivision (60) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof:

(60) (a) (1) Machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed in any manufacturing facility, as defined in section 32-9p, which facility is or has been constructed, or substantially renovated or expanded on or after July 1, 1978, in a distressed municipality or targeted investment community or enterprise zone designated pursuant to section 32-70 and for which an eligibility certificate has been issued by the Department of Economic and Community Development, concurrently with and directly attributable to such construction, renovation or expansion, (2) machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed, or machinery and equipment existing, in any manufacturing facility, as defined in section 32-9p, which facility is or has been acquired on or after July 1, 1978, in a distressed municipality, targeted investment community or enterprise zone designated pursuant to section 32-70 and for which an eligibility certificate has been issued by the Department of Economic and Community Development, and (3) machinery and equipment acquired and installed on or after October 1, 1986, in a manufacturing facility that is or has at one time been certified as eligible for the exemption under this subparagraph in accordance with section 32-9r, and which continues to be used for manufacturing purposes, provided such machinery and equipment is installed in conjunction with an

expansion program that satisfies the requirements for a manufacturing facility, as defined in section 32-9p, and is contiguous to and represents an increase in square feet of floor space of not less than fifty per cent of the floor space in the certified manufacturing facility, as follows: To the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the manufacturing facility in which it is installed qualifies for an exemption under subdivision (59) of this section, except that a facility having a code classification 2833 or 2834 in the Standard Industrial Code Classification Manual, United States Office of Management and Budget, 1987 edition, wherein at least one thousand new full-time employees, as defined in subsection (f) of section 32-9j, are employed, shall be eligible to have the assessment period under this subdivision extended for five additional years upon approval of the commissioner, provided the commissioner approves an extension of the assessment period under subdivision (59) of this section for said facility.

Sec. 18. Section 12-412 of the general statutes is amended by adding subdivision (113) as follows:

(NEW) (113) (A) Sales to, and the storage, use or other consumption by, a fuel cell manufacturing facility in this state of materials, tools, fuel, machinery and equipment used in such facility.

(B) For purposes of this subdivision, (i) "fuel cell" means a device that directly or indirectly produces electricity directly from hydrogen or hydrocarbon fuel through a noncombustive electro-chemical process, (ii) "machinery and equipment" means tangible personal property which is installed in a fuel cell manufacturing facility operated by a fuel cell manufacturer, and the predominant use of which is for the manufacturing of fuel cells, and (iii) "fuel cell manufacturing facility" means that portion of a plant, building or other real property improvement used for the manufacturing of fuel cell parts or components or for the significant overhauling or rebuilding of such parts or components on a factory basis.

Sec. 19. Section 12-413b of the general statutes, as amended by section 70 of this act, is repealed and the following is substituted in lieu thereof:

(a) The Commissioner of Higher Education may select a direct payment permit holder, as described in section 12-409a, for a pilot program in accordance with the provisions of this section.

(b) There shall be allowed a credit to such direct payment permit holder in an amount equal to the amount of a qualified investment, as defined in subsection (c) of this section, that is made on or after July 1, 2000, against the use tax liability that is incurred under this chapter by such holder in making purchases on or after July 1, 2000, of computer equipment to be used in this state in electronic commerce. The total amount of such credits allowed under this section shall not exceed **[**two**]** four million dollars in the aggregate. No credit shall be allowed under this section unless the Commissioner of Higher Education certifies, in a manner satisfactory to the Commissioner of Revenue Services, that a qualified investment has been made by the direct payment permit holder and that projects related to such investment have been completed. The Commissioner of Revenue Services may adopt regulations, in accordance with the provisions of chapter 54, which prescribe the procedures for the direct payment permit holder to claim the credit allowed under this section.

(c) For purposes of this section, "qualified investment" means resources, including, but not limited to, cash, property or services provided by a direct payment permit holder to a public or private college or university in this state, for the design, planning, construction or renovation of buildings or classrooms, the acquisition of computer equipment or the acquisition of other property or licenses necessary for operation of computer programs which will be used in the instruction of students in business studies related to electronic commerce or in work force development programs.

Sec. 20. Subdivision (2) of subsection (b) of section 12-587 of the

general statutes is repealed and the following is substituted in lieu thereof:

(2) Gross earnings derived from the first sale of the following petroleum products within this state shall be exempt from tax: (A) Any petroleum products sold for exportation from this state for sale or use outside this state; (B) the product designated by the American Society for Testing and Materials as "Specification for Heating Oil D396-69", commonly known as number 2 heating oil, to be used exclusively for heating purposes or to be used in a commercial fishing vessel, which vessel qualifies for an exemption pursuant to section 12-412; (C) kerosene, commonly known as number 1 oil, to be used exclusively for heating purposes, provided delivery is of both number 1 and number 2 oil, and via a truck with a metered delivery ticket to a residential dwelling or to a centrally metered system serving a group of residential dwellings; (D) the product identified as propane gas, to be used exclusively for heating purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil to be used in any vessel having a displacement exceeding four thousand dead weight tons; (F) for any first sale occurring prior to January 1, 2000, or during the period commencing July 1, 2001, and ending June 30, 2002, propane gas to be used as a fuel for a motor vehicle; (G) for any first sale occurring on or after July 1, 2002, grade number 6 fuel oil, as defined in regulations adopted pursuant to section 16a-22c, to be used exclusively by a company which, in accordance with census data contained in the Standard Industrial Classification Manual, United States Office of Management and Budget, 1987 edition, is included in code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in the North American Industrial Classification System United States Manual, United States Office of Management and Budget, 1997 edition; or (H) for any first sale occurring on or after July 1, 2002, number 2 heating oil to be used exclusively in a vessel primarily engaged in interstate commerce, which vessel qualifies for an exemption under section 12-412.

Sec. 21. Subsection (a) of section 12-264 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Each (1) Connecticut municipality or department or agency thereof, or Connecticut district, manufacturing, selling or distributing gas or electricity to be used for light, heat or power, in this chapter and in chapter 212a called a "municipal utility", (2) company the principal business of which is manufacturing, selling or distributing gas or steam to be used for light, heat or power, including each foreign municipal electric utility, as defined in section 12-59 and given authority to engage in business in this state pursuant to the provisions of section 16-246c, and (3) company required to register pursuant to section 16-258a shall pay a quarterly tax upon gross earnings from such operations in this state. Gross earnings from such operations under subdivisions (1) and (2) of this subsection shall include (A) all income classified as operating revenues by the Department of Public Utility Control in the uniform systems of accounts prescribed by said department for operations within the taxable quarter and, with respect to each such company, (B) all income classified in said uniform systems of accounts as income from merchandising, jobbing and contract work, (C) income from nonutility operations, (D) revenues from lease of physical property not devoted to utility operation, and (E) receipts from the sale of residuals and other by-products obtained in connection with the production of gas, electricity or steam. Gross earnings from such operations under subdivision (3) of this subsection shall be gross income from the sales of natural gas. Gross earnings of a gas company, as defined in section 16-1, shall not include income earned in a taxable **[**year**]** quarter commencing prior to **[**January 1, 2002**]** June 30, 2002, from the sale of natural gas or propane as a fuel for a motor vehicle. No deductions shall be allowed from such gross earnings for any commission, rebate or other payment, except a refund resulting from an error or overcharge and those specifically mentioned in section 12-265. Gross earnings of a company as described in subdivision (2) of this subsection shall not include income earned in any taxable quarter commencing on or after July 1, 2000, from the sale

of steam.

Sec. 22. Subdivisions (67) to (69), inclusive, of section 12-412 of the general statutes are repealed and the following is substituted in lieu thereof:

(67) Sales of and the storage, use or other consumption, prior to **[**January 1, 2002**]** July 1, 2002, of a new motor vehicle which is exclusively powered by a clean alternative fuel. As used in this subsection and subsections (68) and (69), "clean alternative fuel" shall mean natural gas or electricity when used as a motor vehicle fuel or propane when used as a motor vehicle fuel if such a vehicle meets the federal fleet emissions standards under the federal Clean Air Act or any emissions standards adopted by the Commissioner of Environmental Protection as part of the state's implementation plan under said act.

(68) Sales of and the storage, use or other consumption, prior to **[**January 1, 2002**]** July 1, 2002, of conversion equipment incorporated into or used in converting vehicles powered by any other fuel to either exclusive use of a clean alternative fuel or dual use of any other fuel and a clean alternative fuel, including, but not limited to, storage cylinders, cylinder brackets, regulated mixers, fill valves, pressure regulators, solenoid valves, fuel gauges, electronic ignitions and alternative fuel delivery lines.

(69) Sales of and the storage, use or other consumption, prior to **[**January 1, 2002**]** July 1, 2002, of equipment incorporated into or used in a compressed natural gas filling or electric recharging station for vehicles powered by a clean alternative fuel, including, but not limited to, compressors, storage cylinders, associated framing, tubing and fittings, valves, fuel poles and fuel delivery lines used for clean alternative fuel storage and filling facilities.

Sec. 23. Subsection (d) of section 12-15 of the general statutes is repealed and the following is substituted in lieu thereof:

(d) (1) The commissioner may, upon request, verify whether or not any license, permit or certificate required under the provisions of this title to be conspicuously displayed has been issued by **[**him**]** the commissioner to any particular person.

(2) The commissioner may make public the names and municipality of residence or postal district of persons entitled to tax refunds for purposes of notifying them when the commissioner, after reasonable effort and lapse of time, has been unable to locate such persons.

Sec. 24. Subparagraph (K) of subdivision (6) of subsection (a) of section 12-218b of the general statutes is repealed and the following is substituted in lieu thereof:

(K) (i) Any person described in subparagraph (J) of this subdivision may submit a petition in writing to the commissioner for permission to apportion its income without regard to the provisions of this section **[**upon such person proving**]** not later than sixty days prior to the due date of the return to which the petition applies, determined with regard to any extension of time for filing such return, and said commissioner shall grant or deny such permission before said due date. The commissioner shall grant such permission only in the event that the petitioner has proved, by clear and convincing evidence, that the income-producing activity of **[**such person**]** the petitioner is not in substantial competition with a financial service company without regard to subparagraph (I) of this subdivision.

(ii) Any person may submit a petition in writing to the commissioner for permission to apportion its income in accordance with the provisions of this section **[**upon such person proving**]** not later than sixty days prior to the due date of the return to which the petition applies, determined with regard to any extension of time for filing such return, and said commissioner shall grant or deny such permission before said due date. The commissioner shall grant such permission only in the event that the petitioner has proved, by clear and convincing evidence, that the income-producing activity is

substantially similar to the income-producing activities of a financial service company without regard to subparagraph (I) of this subdivision.

Sec. 25. Subsections (b) to (e), inclusive, of section 12-222 of the general statutes are repealed and the following is substituted in lieu thereof:

(b) Such return shall be due on or before the first day of the **[**fourth**]** month next succeeding the **[**end of the income year**]** due date of the company's corresponding federal income tax return for the income year, determined without regard to any extension of time for filing, or, in the case of **[**an S corporation**]** any company that is not required to file a federal income tax return for the income year, on or before the **[**fifteenth**]** first day of the fourth month next succeeding the end of the income year.

(c) The commissioner may grant a reasonable extension of time for filing a **[**completed**]** return, if the company files a tentative return and application for extension of time in which to file a **[**completed**]** return, on forms furnished or prescribed by the commissioner, and pays the tax reported to be due on such tentative return on or before the **[**first day of the fourth month next succeeding the end of the income year, or, in the case of an S corporation, on or before the fifteenth day of the fourth month next succeeding the end of the income year**]** original due date of the return, as provided in subsection (b) of this section. Any additional tax which may be found to be due on the filing of the return as allowed by such extension shall bear interest at the rate of one per cent per month or fraction thereof from the original due date of **[**such tax**]** the return to the date of actual payment. Notwithstanding the provisions of section 12-229, if the commissioner grants a reasonable extension of time for filing a **[**completed**]** return, no penalty shall be imposed on account of any failure to pay the amount of tax reported to be due on a return within the time specified under the provisions of this chapter if the excess of the amount of tax shown on the return over

the amount of tax paid on or before the original due date of such return is no greater than ten per cent of the amount of tax shown on such return, and any balance due shown on such return is remitted with such return on or before the extended due date of such return.

(d) In any case in which the commissioner believes that it would be advantageous **[**to him in**]** for the computation of the tax as imposed by this part, such state return shall be accompanied by a true copy of the last income tax return, if any, made to the Internal Revenue Service.

(e) The amount of tax reported to be due on such return or tentative return shall be due and payable on or before the **[**first day of the fourth month next succeeding the end of the income year, or, in the case of an S corporation, on or before the fifteenth day of the fourth month next succeeding the end of the income year**]** original due date of the return, as defined in subsection (b) of this section.

Sec. 26. Subdivision (2) of subsection (c) of section 12-223a of the general statutes is repealed and the following is substituted in lieu thereof:

(2) If the method of determining the combined measure of such tax in accordance with this subsection for two or more affiliated companies validly electing to file a combined return under the provisions of subsection (a) of this section is deemed by such companies to unfairly attribute an undue proportion of their total income or minimum tax base to this state, said companies may submit a petition in writing to the Commissioner of Revenue Services for approval of an alternate method of determining the combined measure of their tax not later than sixty days prior to the due date of the combined return to which the petition applies, determined with regard to any extension of time for filing such return, and said commissioner shall grant or deny such approval before said due date. In deciding whether or not the companies included in such combined return should be granted approval to employ the alternate method proposed in such petition, the Commissioner of Revenue Services shall consider

approval only in the event that the petitioners have clearly established to the satisfaction of said commissioner that all the companies included in such combined return are, in substance, parts of a unitary business engaged in a single business enterprise and further that there are substantial intercorporate business transactions among such included companies.

Sec. 27. Section 12-285 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) When used in this chapter, unless the context otherwise requires: **[**,**]**

(1) **[**"person"**]** "Person" means any individual, firm, fiduciary, partnership, corporation, limited liability company, trust or association, however formed;

(2) **[**"distributor"**]** "Distributor" means **[**(1)**]** (A) any person in this state engaged in the business of manufacturing cigarettes; **[**(2)**]** (B) any person, other than a buying pool, as defined herein, who purchases cigarettes at wholesale from manufacturers or other distributors for sale to licensed dealers, and who maintains an established place of business, including a location used exclusively for such business, which has facilities in which a substantial stock of cigarettes and related merchandise for resale can be kept at all times, and who sells at least seventy-five per cent of such cigarettes to retailers who, at no time, shall own any interest in the business of the distributor as a partner, stockholder or trustee; **[**(3)**]** (C) any person operating five or more retail stores in this state for the sale of cigarettes who purchases cigarettes at wholesale for sale to dealers but sells such cigarettes exclusively to retail stores such person is operating; **[**(4)**]** (D) any person operating and servicing twenty-five or more cigarette vending machines in this state who buys such cigarettes at wholesale and sells them exclusively in such vending machines. If a person qualified as a distributor in accordance with this **[**subdivision**]** subparagraph, in addition sells cigarettes other than in vending machines, such person

shall be required to be qualified as a distributor in accordance with **[**subdivision (2) of this section**]** subparagraph (B) of this subdivision and have an additional distributor's license for purposes of such other sales; **[**(5)**]** (E) any person who imports into this state unstamped cigarettes, at least seventy-five per cent of which are to be sold to others for resale; and **[**(6)**]** (F) any person operating storage facilities for unstamped cigarettes in this state;

(3) **[**"cigarette**]** "Cigarette vending machine" means a machine used for the purpose of automatically merchandising packaged cigarettes through the insertion of the proper amount of coins therein by the purchaser, but does not mean a restricted cigarette vending machine;

(4) **[**"restricted**]** "Restricted cigarette vending machine" means a machine used for the dispensing of packaged cigarettes which automatically deactivates after each individual sale, cannot be left operable after a sale and requires, prior to each individual sale, a face-to-face interaction or display of identification between an employee of the area, facility or business where such machine is located and the purchaser;

(5) **[**"dealer"**]** "Dealer" means any person other than a distributor who is engaged in this state in the business of selling cigarettes, including any person operating and servicing fewer than twenty-five cigarette vending machines; **[**who shall be classified herein as a vending machine dealer;**]**

(6) **[**"licensed**]** "Licensed dealer" means a dealer licensed under the provisions of this chapter;

(7) **[**"stamp"**]** "Stamp" means any stamp authorized to be used under this chapter by the Commissioner of Revenue Services and includes **[**impressions made by metering machines authorized to be used under the provisions of section 12-299**]** heat-applied decals;

(8) **[**"sale"**]** "Sale" or "sell" includes or applies to gifts, exchanges and

barter; and

(9) **[**"buying**]** "Buying pool" means and includes any combination, corporation, association, affiliation or group of retail dealers operating jointly in the purchase, sale, exchange or barter of cigarettes, the profits from which accrue directly or indirectly to such retail dealers, provided any person holding a distributor's license issued prior to June 29, 1951, shall be deemed to be a distributor within the terms of this section.

(b) For the purposes of part I and part II only of this chapter: **[**,**]**

(1) **[**"cigarette"**]** "Cigarette" means and includes (A) any roll for smoking made wholly or in part of tobacco, irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated or mixed with any other ingredient, where such roll has a wrapper or cover made of paper or any other material, except where such wrapper is wholly or in the greater part made of tobacco and such roll weighs over three pounds per thousand, provided, if any roll for smoking has a wrapper made of homogenized tobacco or natural leaf tobacco, and the roll is a cigarette size so that it weighs three pounds or less per thousand, such roll is a cigarette and subject to the tax imposed by part I and part II of this chapter; and (B) each nine one-hundredths of an ounce of roll-your-own tobacco;

(2) **[**"unstamped**]** "Unstamped cigarette" means any package of cigarettes to which the proper amount of Connecticut cigarette tax stamps **[**or impressions**]** have not been affixed; and

(3) "Roll-your-own tobacco" means any tobacco which, because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes.

Sec. 28. Section 12-330a of the general statutes is repealed and the following is substituted in lieu thereof:

As used in this chapter: (1) "Commissioner" means the Commissioner of Revenue Services; (2) "tobacco products" means cigars, cheroots, stogies, periques, granulated, plug cut, crimp cut, ready rubbed and other smoking tobacco, snuff tobacco products, cavendish, plug and twist tobacco, fine cut and other chewing tobaccos, shorts, refuse scraps, clippings, cuttings and sweepings of tobacco and all other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise or for both chewing and smoking, but shall not include any cigarette, as defined in section 12-285, as amended by this act, or any roll-your-own tobacco, as defined in section 12-285, as amended by this act; (3) "distributor" means **[**(1)**]** (A) any person in this state engaged in the business of manufacturing tobacco products, **[**(2)**]** (B) any person who purchases tobacco products at wholesale from manufacturers or other distributors for sale, or **[**(3)**]** (C) any person who imports into this state tobacco products, at least seventy-five per cent of which are to be sold; (4) "unclassified importer" means any person, other than a distributor, who imports, receives or acquires tobacco products from outside this state for use or consumption in this state; (5) "sale" or "sell" includes or applies to gifts, exchanges and barter; (6) "wholesale sales price" means, in the case of a manufacturer of tobacco products, the price set for such products or, if no price has been set, the wholesale value of such products, and, in the case of a distributor who is not a manufacturer of tobacco products, the price at which the distributor purchased such products, and, in the case of an unclassified importer of tobacco products, the price at which the unclassified importer purchased such products; and (7) "snuff tobacco products" means only those snuff tobacco products that have imprinted on the packages the designation "snuff" or "snuff flour", or the federal tax designation "Tax Class M", or both.

Sec. 29. Section 12-330c of the general statutes is repealed and the following is substituted in lieu thereof:

(a) (1) A tax is imposed on all tobacco products held in this state by

any person. **[**, said tax to be**]** Except as otherwise provided in subdivision (2) of this subsection with respect to the rate of tax on snuff tobacco products, the tax shall be imposed at the rate of twenty per cent of the wholesale sales price of such products.

[(2) A tax is imposed on all snuff tobacco products held in this state by any person, said tax to be imposed as follows:**]**

(2) The tax shall be imposed on snuff tobacco products, on the net weight as listed by the manufacturer, as follows: Forty cents per ounce of snuff and a proportionate tax at the like rate on all fractional parts of an ounce of snuff. **[**For purposes of this subsection, the tax on snuff tobacco products shall be computed on the net weight as listed by the manufacturer.**]**

(b) Said tax shall be imposed on the distributor or the unclassified importer at the time the tobacco product **[**or snuff tobacco product**]** is manufactured, purchased, imported, received or acquired in this state.

(c) Said tax shall not be imposed on any tobacco products **[**or snuff tobacco products**]** which (1) are exported from the state, or (2) are not subject to taxation by this state pursuant to any laws of the United States.

Sec. 30. Subdivision (62) of section 12-412 of the general statutes is repealed and the following is substituted in lieu thereof:

(62) (A) Sales of any of the services enumerated in subdivisions (2) (i), (2) (k) or (2) (l) of section 12-407 that are rendered for a business entity affiliated with the business entity rendering such service in such manner that (i) either business entity in such transaction owns a controlling interest in the other business entity, or (ii) a controlling interest in each business entity in such transaction is owned by the same person or persons or business entity or business entities.

(B) For purposes of this subdivision, (i) "business entity" means a corporation, trust, estate, partnership, limited partnership, limited

liability partnership, limited liability company, single member limited liability company, sole proprietorship, [and] nonstock corporation or a federally-recognized Indian tribe; (ii) "controlling interest" means, in the case of a business entity that is a corporation, ownership of stock possessing one hundred per cent of the total combined voting power of all classes of stock entitled to vote or one hundred per cent of the total value of shares of all classes of stock of such corporation; in the case of a business entity that is a trust or estate, ownership of a beneficial interest of one hundred per cent in such trust or estate; in the case of a business entity that is a partnership, limited partnership or limited liability partnership, ownership of one hundred per cent of the profits interest or capital interest in such partnership, limited partnership or limited liability partnership; in the case of a limited liability company with more than one member, ownership of one hundred per cent of the profits interest, capital interest or membership interests in such limited liability company; in the case of a business entity that is a sole proprietorship or single member limited liability company, ownership of such sole proprietorship or single member limited liability company; in the case of a business entity that is a nonstock corporation with voting members, control of one hundred per cent of all voting membership interests in such corporation; and in the case of a business entity that is a nonstock corporation with no voting members, control of one hundred per cent of the board of directors of such corporation; (iii) whether a controlling interest in a business entity is owned shall be determined in accordance with Section 267 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, provided where a controlling interest is owned in a business entity other than a stock corporation, the term "stock" as used in said Section 267 of the Internal Revenue Code means, in the case of a partnership, limited partnership, limited liability partnership or limited liability company treated as a partnership for federal income tax purposes, the profits interest or capital interest in such partnership, in the case of a business entity that is a trust or estate, the beneficial

interests in such trust or estate, and in the case of a business entity that is a nonstock corporation, the voting membership interests in such corporation, or if it has no voting members, the control of the board of directors; (iv) a business entity has "control of" the board of directors of a nonstock corporation if one hundred per cent of the voting members of the board of directors are either representatives of, including ex-officio directors, or persons appointed by such business entity, or "control of" one hundred per cent of the voting membership interests in a nonstock corporation if one hundred per cent of the voting membership interests are held by the business entity or by representatives of, including ex-officio members, or persons appointed by such business entity.

Sec. 31. Subdivision (1) of subsection (c) of section 12-587 of the general statutes is repealed and the following is substituted in lieu thereof:

(c) (1) Any company which imports or causes to be imported into this state petroleum products for sale, use or consumption in this state, other than a company subject to and having paid the tax on such company's gross earnings from first sales of petroleum products within this state, which earnings include gross earnings attributable to such imported or caused to be imported petroleum products, in accordance with subsection (b) of this section, shall pay a quarterly tax on the consideration given or contracted to be given for such petroleum product if the consideration given or contracted to be given for all such deliveries during the quarterly period for which such tax is to be paid exceeds **[**one hundred**]** three thousand dollars. Except as otherwise provided in subdivision (3) of this subsection, the rate of tax shall be five per cent. Fuel in the fuel supply tanks of a motor vehicle, which fuel tanks are directly connected to the engine, shall not be considered a delivery for the purposes of this subsection.

Sec. 32. Subsection (a) of section 12-632 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) (1) **[**On or before September 1, 1995, and**]** Except as otherwise provided in subdivision (2) of this subsection, on or before July first of each **[**succeeding**]** year, any municipality desiring to obtain benefits under the provisions of this chapter shall, after approval by the legislative body of such municipality, submit to the Commissioner of Revenue Services a list on a form prescribed and made available by the commissioner of programs eligible for investment by business firms under the provisions of this chapter. Such activities shall consist of providing neighborhood assistance; job training or education; community services; crime prevention; energy conservation or construction or rehabilitation of dwelling units for families of low and moderate income in the state; donation of money to an open space acquisition fund of any political subdivision of the state or any nonprofit land conservation organization which fund qualifies under subsection (h) of section 12-631 and is used for the purchase of land, interest in land or permanent conservation restriction on land, which is to be permanently preserved as protected open space; or any of the activities described in section 12-634, 12-635 or 12-635a. Such list shall indicate, for each program specified: The concept of the program, the neighborhood area to be served, why the program is needed, the estimated amount required to be invested in the program, the suggested plan for implementing the program, the agency designated by the municipality to oversee implementation of the program and such other information as the commissioner may prescribe. Each municipality shall hold at least one public hearing on the subject of which programs shall be included on such list prior to the submission of such list to the commissioner.

(2) If any municipality desiring to obtain benefits under the provisions of this chapter submits to the Commissioner of Revenue Services a list on a form prescribed and made available by the commissioner of programs eligible for investment by business firms under the provisions of this chapter after the July first due date, the commissioner shall include the list of programs on the list compiled by the commissioner under subsection (b) of this section if the

municipality submits such list no later than fifteen days following such July first due date, provides an explanation for its failure to submit such list on or before such July first due date and submits proof that both the public hearing required by subdivision (1) of this subsection to be held on the programs to be included on such list and the approval of such list by the legislative body of such municipality required by subdivision (1) of this subsection occurred on or before such July first due date.

Sec. 33. Subsection (b) of section 12-688 of the general statutes is repealed and the following is substituted in lieu thereof:

(b) (1) If the department grants permission to any person to pay tax by electronic funds transfer, such person shall, except as provided in subdivision (2) of this subsection, be regarded, for the period for which such permission is granted, as a person who is required under section 12-686 to pay a tax by electronic funds transfer. If such person gives notice, by certified mail, to the department, at least sixty days before the expiration of such period, that such person no longer chooses to pay tax by electronic funds transfer beyond such period, such person shall cease to be regarded as a person who is required under section 12-686 to pay a tax by electronic funds transfer after the expiration of such period. If such person does not give such notice, such person shall cease to be regarded as a person who is required under section 12-686 to pay tax by electronic funds transfer sixty days after notice is given, by certified mail, to the department that the person no longer chooses to pay tax by electronic funds transfer.

(2) If the department grants permission to any person to pay a tax by electronic funds transfer, any tax payment made by electronic funds transfer by such person shall be treated as a tax payment made in a timely manner as long as such transfer is initiated on or before the date such tax is due, notwithstanding the fact that the bank account designated by the department may not be credited by electronic funds transfer for the amount of such payment on or before said due date.

Sec. 34. Subsection (a) of section 12-690 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) (1) The Commissioner of Revenue Services may permit the filing, by computer transmission or by employing new technology as it is developed, of any return, statement or other document that is required by law or regulation to be filed with said commissioner.

(2) The Commissioner of Revenue Services may permit the filing, by computer transmission or by employing new technology as it is developed, by any person of any document that is permitted by law or regulation to be filed with said commissioner, as long as such person and said commissioner have agreed that said commissioner may send any document or notice to such person by computer transmission or by employing new technology as it is developed.

Sec. 35. Subdivision (19) of subsection (a) of section 12-701 of the general statutes is repealed and the following is substituted in lieu thereof:

(19) "Adjusted gross income" means the adjusted gross income of a natural person with respect to any taxable year, as determined for federal income tax purposes and as properly reported on such person's federal income tax return.

Sec. 36. The intent of the amendment made by section 35 of this act to subdivision (19) of subsection (a) of section 12-701 of the general statutes is to clarify that a natural person's adjusted gross income is not further modified in determining such person's Connecticut adjusted gross income for purposes of chapter 229 of the general statutes, except as expressly provided in subdivision (20) of subsection (a) of said section 12-701.

Sec. 37. Subdivisions (1) and (2) of subsection (b) of section 12-711 of the general statutes are repealed and the following is substituted in lieu thereof:

(b) (1) Items of income, gain, loss and deduction derived from or connected with sources within this state shall be those items attributable to: (A) The ownership or disposition of any interest in real or tangible personal property in this state; **[**or**]** (B) a business, trade, profession or occupation carried on in this state; **[**or**]** (C) in the case of a shareholder of an S corporation, the ownership of shares issued by such corporation, to the extent determined under section 12-712; or (D) winnings from a wager placed in a lottery conducted by the Connecticut Lottery Corporation, if the proceeds from such wager exceed five thousand dollars.

(2) Income from intangible personal property, including annuities, dividends, interest and gains from the disposition of intangible personal property, shall constitute income derived from sources within this state only to the extent that such income is from property employed in a business, trade, profession or occupation carried on in this state or winnings from a wager placed in a lottery conducted by the Connecticut Lottery Corporation, if the proceeds from such wager exceed five thousand dollars.

Sec. 38. Subsection (b) of section 22a-132a of the general statutes is repealed and the following is substituted in lieu thereof:

(b) Before December thirty-first of each year, the council shall review the anticipated amount of such expenses for the next fiscal year, excluding expenses under subsection (c) of this section, at a public meeting at which interested persons shall be heard. After an opportunity for public comment at such public meeting, the council shall determine the anticipated amount of such expenses and submit its determination to the joint standing committee of the General Assembly having cognizance of appropriations and the budgets of state agencies for its review. The amount of such expenses shall not exceed sixty thousand dollars. The **[**Commissioner of Revenue Services**]** council shall apportion and assess the anticipated amount of expenses among **[**those persons or entities, as defined in subsection (a)

of section 22a-132, in the proportion which the waste generated by each such person bears to the aggregate waste generated by all such persons. On June 1, 1992, each person subject to assessment pursuant to this subsection shall submit a return to the Commissioner of Revenue Services, on a form prescribed by the commissioner, together with such assessment for the six-month period ending June 30, 1992. Thereafter, beginning on July 1, 1992, such returns and assessments shall be submitted quarterly**]** generators of hazardous waste in such manner as the council shall deem appropriate. The **[**commissioner**]** council shall deposit all payments received under this subsection with the State Treasurer who shall credit such payments to the Siting Council Fund established under section 16-50v. Such payments shall be accounted for as expenses recovered from generators of hazardous waste.

Sec. 39. Subsection (j) of section 38a-88a of the general statutes is repealed and the following is substituted in lieu thereof:

(j) The tax credit allowed by this section shall only be available for investments in funds that are not open to additional investments or investors beyond the amount subscribed at the formation of the fund. No credits shall be allowed under this section for investments in any fund created on or after July 1, 2000. No credit shall be allowed under this section for investments made in an insurance business through such fund after December 31, 2015.

Sec. 40. Subparagraph (A) of subdivision (3) of section 38a-841 of the general statutes is repealed and the following is substituted in lieu thereof:

(3) (A) Each insurer paying an assessment under sections 38a-836 to 38a-853, inclusive, may offset one hundred per cent of the amount of such assessment against its premium tax liability to this state under chapter 207. Such offset shall be taken over a period of the five successive tax years following the year of payment of the assessment, at the rate of twenty per cent per year of the assessment paid to the

association. [Each insurer which has offset assessments paid to the association from its premium tax liability to the state shall pay to the state one hundred per cent of any sums which are acquired by refund from the association pursuant to subdivision (2) of this section.] Each insurer to which has been refunded by the association, pursuant to subdivision (2) of this section, all or a portion of an assessment previously paid to the association by the insurer shall be required to pay to the Department of Revenue Services an amount equal to the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns, as the case may be, filed by such insurer and that is attributable to such refunded assessment, provided the amount required to be paid to said department shall not exceed the amount of the refunded assessment. If the amount of the refunded assessment exceeds the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns filed by such insurer and that is attributable to such refunded assessment, such excess may not be claimed as an offset against the premiums tax liability on a premiums tax return or returns filed by such insurer or, if the offset has been transferred to another person pursuant to subparagraph (B) of this subdivision, by such other person. For purposes of this subparagraph, if the offset has been transferred to another person pursuant to subparagraph (B) of this subdivision, the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns filed by such insurer includes the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns filed by such other person. The association shall promptly notify the [commissioner that such refunds have been made] Commissioner of Revenue Services of the name and address of the insurers to which such refunds have been made, the amount of such refunds and the date on which such refunds were mailed to such insurer. If the amount that an insurer is required to pay to the Department of Revenue Services has not been so paid on or before the forty-fifth day after the date of mailing of such refunds,

the insurer shall be liable for interest on such amount at the rate of one per cent per month or fraction thereof from such forty-fifth day to the date of payment.

Sec. 41. Subparagraph (B) of subdivision (3) of section 38a-841 of the general statutes is repealed and the following is substituted in lieu thereof:

(B) An insurer, in this subparagraph called "the transferor", may transfer any offset provided under subparagraph (A) of this subdivision to an affiliate, as defined in section 38a-1, of **[**that insurer**]** the transferor. Any such transfer of the offset by the transferor and any subsequent transfer or transfers of the same offset shall not affect the obligation of the transferor to pay to the Department of Revenue Services any sums which are acquired by refund from the association pursuant to subdivision (2) of this section and which are required to be paid to the Department of Revenue Services pursuant to subparagraph (A) of this subdivision. Such offset may be taken by any transferee only against the transferee's premium tax liability to this state under chapter 207. The Commissioner of Revenue Services shall not allow such offset to a transferee against its premium tax liability unless the transferor, the affiliate to which the offset was originally transferred, each subsequent transferor and each subsequent transferee have filed such information as may be required on forms provided by said commissioner with respect to any such transfer or transfers on or before the due date of the premium tax return on which such offset would have been taken by the transferor if no transfer had been made by the transferor.

Sec. 42. Subdivision (1) of subsection (h) of section 38a-866 of the general statutes is repealed and the following is substituted in lieu thereof:

(h) (1) Each insurer paying an assessment under sections 38a-858 to 38a-875, inclusive, may offset one hundred per cent of the amount of such assessment against its premium tax liability to this state under

chapter 207. Such offset shall be taken over a period of the five successive tax years following the year of payment of the assessment, at the rate of twenty per cent per year of the assessment paid to the association. **[**Each insurer which has offset assessments paid to the association against its premium tax liability to the state shall pay to the Department of Revenue Services one hundred per cent of any sums which are acquired by refund from the association pursuant to subsection (f) of this section.**]** Each insurer to which has been refunded by the association, pursuant to subsection (f) of this section, all or a portion of an assessment previously paid to the association by the insurer shall be required to pay to the Department of Revenue Services an amount equal to the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns, as the case may be, filed by such insurer and that is attributable to such refunded assessment, provided the amount required to be paid to said department shall not exceed the amount of the refunded assessment. If the amount of the refunded assessment exceeds the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns filed by such insurer and that is attributable to such refunded assessment, such excess may not be claimed as an offset against the premiums tax liability on a premiums tax return or returns filed by such insurer or, if the offset has been transferred to another person pursuant to subdivision (2) of this subsection, by such other person. For purposes of the subdivision, if the offset has been transferred to another person pursuant to subdivision (2) of this subsection, the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns filed by such insurer includes the total amount that has been claimed as an offset against the premiums tax liability on the premiums tax return or returns filed by such other person. The association shall promptly notify the **[**commissioner**]** Commissioner of Revenue Services of the name and address of the insurers to which such refunds have been made, the amount of such refunds, and the date on which such refunds were mailed to such

insurer. If the amount that an insurer is required to pay to the Department of Revenue Services has not been so paid on or before the **[**thirtieth**]** forty-fifth day after the date of mailing of such refunds, the insurer shall be liable for interest on such amount at the rate of one per cent per month or fraction thereof from such **[**thirtieth**]** forty-fifth day to the date of payment.

Sec. 43. Subdivision (2) of subsection (h) of section 38a-866 of the general statutes is repealed and the following is substituted in lieu thereof:

(2) An insurer, in this subdivision called "the transferor", may transfer any offset provided under subdivision (1) of this subsection to an affiliate, as defined in section 38a-1, of **[**that insurer**]** the transferor. Any such transfer of the offset by the transferor, and any subsequent transfer or transfers of the same offset, shall not affect the obligation of the transferor to pay to the Department of Revenue Services any sums which are acquired by refund from the association pursuant to subsection (f) of this section and which are required to be paid to the Department of Revenue Services pursuant to subdivision (1) of this subsection. Such offset may be taken by any transferee only against the transferee's premium tax liability to this state under chapter 207. The Commissioner of Revenue Services shall not allow such offset to a transferee against its premium tax liability unless the transferor, the affiliate to which the offset was originally transferred, each subsequent transferor and each subsequent transferee have filed such information as may be required on forms provided by said commissioner with respect to any such transfer or transfers on or before the due date of the premium tax return on which such offset would have been taken by the transferor, if no transfer had been made by the transferor.

Sec. 44. Subsection (a) of section 12-314 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) (1) The sale of cigarettes other than in an unopened package containing twenty or more cigarettes originating with the

manufacturer which bears the health warning required by law is prohibited.

(2) If the Commissioner of Revenue Services finds, after a hearing, that any dealer or distributor has violated the provisions of this subsection, said commissioner may assess such person a civil penalty of fifty dollars for a first offense, two hundred fifty dollars for a second offense and five hundred dollars for a third or subsequent offense. Such penalty may be in addition to any other penalty provided by law, including, but not limited to, the suspension or revocation of the license of such dealer or distributor pursuant to section 12-295. Any person aggrieved by any action of said commissioner pursuant to this subsection may take an appeal of such action as provided in sections 12-311 and 12-312.

Sec. 45. Subsection (7) of section 12-430 of the general statutes is repealed and the following is substituted in lieu thereof:

(7) (a) (i) When a nonresident contractor enters into a contract with a person other than a direct payment permit holder, as the term is used in section 12-409a, pursuant to which, or in the carrying out of which, tangible personal property will be consumed or used in this state, such nonresident contractor shall deposit with the Commissioner of Revenue Services at the commencement of such contract a sum equivalent to five per cent of the total amount to be paid under the contract or shall furnish the Commissioner of Revenue Services with a guarantee bond satisfactory to said commissioner in a sum equivalent to five per cent of such total amount, to secure payment of the taxes payable with respect to tangible personal property consumed or used pursuant to or in the carrying out of such contract or any other state taxes, and shall obtain a certificate from the Commissioner of Revenue Services that the requirements of this subsection have been met.

(ii) When a nonresident contractor enters into a contract with a direct payment permit holder pursuant to which, or in the carrying out of which, tangible personal property will be consumed or used in this

state, such nonresident contractor shall deposit with the Commissioner of Revenue Services at the commencement of such contract a sum equivalent to two per cent of the total amount to be paid under the contract or shall furnish the Commissioner of Revenue Services with a guarantee bond satisfactory to said commissioner in a sum equivalent to two per cent of such total amount, to secure payment of the taxes payable with respect to tangible personal property consumed or used pursuant to or in the carrying out of such contract or any other state taxes, and shall obtain a certificate from the Commissioner of Revenue Services that the requirements of this subsection have been met.

(b) (i) Any person other than a direct payment permit holder dealing with a nonresident contractor without first obtaining a copy of such certificate from said commissioner shall no later than **[**thirty**]** ninety days after the commencement of such contract or, if the contract is to be completed in less than ninety days, no later than forty-five days after the commencement of such contract deduct five per cent of all amounts payable to such nonresident contractor and pay it over to said commissioner on behalf of or as agent for such nonresident contractor or shall furnish said commissioner with a guarantee bond satisfactory to said commissioner in a sum equivalent to five per cent of such total amount, to secure payment of the taxes payable with respect to such tangible personal property consumed or used pursuant to or in the carrying out of such contract or any other state taxes.

(ii) Any direct payment permit holder dealing with a nonresident contractor without first obtaining a copy of such certificate from said commissioner shall no later than **[**thirty**]** ninety days after the commencement of such contract or, if the contract is to be completed in less than ninety days, no later than forty-five days after the commencement of such contract deduct two per cent of all amounts payable to such nonresident contractor and pay it over to said commissioner on behalf of or as agent for such nonresident contractor or shall furnish said commissioner with a guarantee bond satisfactory to said commissioner in a sum equivalent to two per cent of such total

amount, to secure payment of the taxes payable with respect to such tangible personal property consumed or used pursuant to or in the carrying out of such contract or any other state taxes.

(c) If any person dealing with such nonresident contractor fails to comply with subdivision (b) of this subsection, such person shall be personally liable for payment of the taxes imposed by this chapter with respect to such tangible personal property consumed or used pursuant to or in carrying out such contract or any other state taxes.

(d) When a nonresident contractor enters into a contract with the state, said contractor shall provide the Labor Department with evidence demonstrating compliance with the provisions of chapters 567 and 568, the prevailing wage requirements of chapter 557 and any other provisions of the general statutes related to conditions of employment.

Sec. 46. (NEW) (a) As used in this section:

(1) "Claimant" means a person, company, limited liability company, firm, association, corporation or other business entity having received approval for financial assistance from a town's assessor or a municipal official;

(2) "Financial assistance" means a property tax exemption, property tax credit or rental rebate for which the state of Connecticut provides direct or indirect reimbursement; and

(3) "Program" means (A) property tax exemptions under section 12-81g of the general statutes or subdivision (55), (59), (60), (70), (72) or (74) of section 12-81 of the general statutes, (B) tax relief pursuant to section 12-129d of the general statutes, as amended by this act, or section 12-170aa of the general statutes, as amended by this act, and (C) rebates under section 12-170d of the general statutes.

(b) A claimant negatively affected by a decision of the Secretary of the Office of Policy and Management with respect to any program may

appeal such decision in the manner set forth in subsection (d) of this section. Any notice the secretary issues pursuant to this section shall be sent by first class United States mail to a claimant at the address entered on the application for financial assistance as filed unless, subsequent to the date of said filing, the claimant sends the secretary a written request that any correspondence regarding said financial assistance be sent to another name or address. The date of any notice sent by the secretary pursuant to this section shall be deemed to be the date the notice is delivered to the claimant.

(c) The secretary may review any application for financial assistance submitted by a claimant in conjunction with a program. The secretary may exclude from reimbursement any property included in an application that, in the secretary's judgment, does not qualify for financial assistance or may modify the amount of any financial assistance approved by an assessor or municipal official in the event the secretary finds it to be mathematically incorrect, not supported by the application, not in conformance with law or if the secretary believes that additional information is needed to justify its approval.

(d) (1) If the secretary modifies the amount of financial assistance approved by an assessor or municipal official under a program, or determines that the claimant who filed written application for such financial assistance is ineligible therefor, the secretary shall send a written notice of preliminary modification or denial to said claimant and shall concurrently forward a copy to the office of the assessor or municipal official who approved said financial assistance. The notice shall include plain language setting forth the reason for the preliminary modification or denial, the name and telephone number of a member of the secretary's staff to whom questions regarding the notice may be addressed, a request for any additional information or documentation that the secretary believes is needed in order to justify the approval of such financial assistance, the manner by which the claimant may request reconsideration of the secretary's determination and the timeframe for doing so. Not later than ninety days after the

date an assessor receives a copy of such preliminary notice, the assessor shall determine whether an increase to the taxable grand list of the town is required to be made as a result of such modification or denial, unless, in the interim, the assessor has received written notification from the secretary that a request for a hearing with respect to such financial assistance has been approved pursuant to subparagraph (B) of subdivision (2) of this subsection. If an assessment increase is warranted, the assessor shall promptly issue a certificate of correction adding the value of such property to the taxable grand list for the appropriate assessment year and shall forward a copy thereof to the tax collector, who shall, not later than thirty days following, issue a bill for the amount of the additional tax due as a result of such increase. Such additional tax shall become due and payable not later than thirty days from the date such bill is sent and shall be subject to interest for delinquent taxes as provided in section 12-146 of the general statutes. With respect to the denial or modification of financial assistance for which a hearing is held, the assessor shall not issue a certificate of correction until the assessor receives written notice of the secretary's final determination following such hearing.

(2) (A) Any claimant aggrieved by the secretary's notice of preliminary modification or denial of financial assistance under a program may, not later than thirty business days after receiving said notice, request a reconsideration of the secretary's decision for any factual reason, provided the claimant states the reason for the reconsideration request in writing and concurrently provides any additional information or documentation that the secretary may have requested in the preliminary notice of modification or denial. The secretary may grant an extension of the date by which a claimant's additional information or documentation must be submitted, upon receipt of proof that the claimant has requested such data from another governmental agency or if the secretary determines there is good cause for doing so.

(B) Not later than thirty business days after receiving a claimant's

request for reconsideration and any additional information or documentation the claimant has provided, the secretary shall reconsider the preliminary decision to modify or deny said financial assistance and shall send the claimant a written notice of determination. If aggrieved by the secretary's notice of determination with respect to said financial assistance, the claimant may, not later than thirty business days after receiving said notice, make application for a hearing before said secretary, or the secretary's designee. Such application shall be in writing and shall set forth the reason why the financial assistance in question should not be modified or denied. Not later than thirty business days after receiving an application for a hearing, the secretary shall grant or deny such hearing request by written notice to the claimant. If the secretary denies the claimant's request for a hearing, such notice shall state the reason for said denial. If the secretary grants the claimant's request for a hearing, the secretary shall send written notice of the date, time and place of the hearing, which shall be held not later than thirty business days after the date of the secretary's notice granting the claimant a hearing. Such hearing may, at the secretary's discretion, be held in the judicial district in which the claimant or the claimant's property is located. Not later than thirty business days after the date on which a hearing is held, a written notice of the secretary's final determination shall be sent to the claimant and a copy thereof shall be concurrently sent to the assessor or municipal official who approved the financial assistance in question.

(3) If any claimant is aggrieved by the secretary's final determination concerning the claimant's financial assistance or the secretary's decision not to hold a hearing, such claimant may, not later than thirty business days after receiving the secretary's notice related thereto, appeal to the superior court of the judicial district in which the claimant resides or in which the claimant's property that is the subject of the appeal is located. Such appeal shall be accompanied by a citation to the secretary to appear before said court, and shall be served and returned in the same manner as is required in the case of a summons in

a civil action. The pendency of such appeal shall not suspend any action by a municipality to collect property taxes from the applicant on the property that is the subject of the appeal. The authority issuing the citation shall take from the applicant a bond or recognizance to the state of Connecticut, with surety, to prosecute the application in effect and to comply with the orders and decrees of the court in the premises. Such applications shall be preferred cases, to be heard, unless cause appears to the contrary, at the first session, by the court or by a committee appointed by the court. Said court may grant such relief as may be equitable and, if the application is without probable cause, may tax double or triple costs, as the case demands; and, upon all applications which are denied, costs may be taxed against the applicant at the discretion of the court, but no costs shall be taxed against the state.

(4) Not later than the date by which the secretary is required to certify to the Comptroller the amount of payment with respect to any such program, the secretary shall notify each claimant of the final modification or denial of financial assistance as claimed, in accordance with the procedure set forth in subsection (d) of this section. A copy of the notice of final modification or denial shall be sent concurrently to the assessor or municipal official who approved such financial assistance.

Sec. 47. Section 12-81g of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Effective for the assessment year commencing October 1, 1985, and each assessment year thereafter, any person entitled to an exemption from property tax in accordance with subdivision (19), (20), (21), (22), (23), (24), (25) or (26) of section 12-81, reflecting any increase made pursuant to the provisions of section 12-62g, shall be entitled to an additional exemption from such tax in an amount equal to twice the amount of the exemption provided for such person pursuant to any such subdivision, provided such person's qualifying income does not

exceed the applicable maximum amount as provided under section 12-81l, except that if such person has a disability rating of one hundred per cent as determined by the Veterans' Administration of the United States, the total of such adjusted gross income, individually, if unmarried, or jointly, if married, in the calendar year ending immediately preceding the assessment date with respect to which such additional exemption is allowed, is not more than twenty-one thousand dollars if such person is married or not more than eighteen thousand dollars if such person is not married. Any claimant who, for the purpose of obtaining an exemption under this section, wilfully fails to disclose all matters related thereto or with intent to defraud makes any false statement shall forfeit the right to claim such additional veteran's exemption.

(b) Effective for the assessment year commencing October 1, 1986, and each assessment year thereafter, any person entitled to an exemption from property tax in accordance with subdivision (19), (20), (21), (22), (23), (24), (25) or (26) of section 12-81, reflecting any increase made pursuant to the provisions of section 12-62g, and who is not receiving or is not eligible to receive the additional exemption under subsection (a) of this section, shall be entitled to an additional exemption from such tax in an amount equal to one-half of the amount of the exemption provided for such person pursuant to any such subdivision.

(c) The state shall reimburse each town, city, borough, consolidated town and city and consolidated town and borough by the last day of each calendar year in which exemptions were granted to the extent of the revenue loss represented by the additional exemptions provided for in subsections (a) and (b) of this section. The Secretary of the Office of Policy and Management shall review each claim for such revenue loss as provided in section 46 of this act. Any claimant aggrieved by the results of the secretary’s review shall have the rights of appeal as set forth in section 46 of this act.

(d) The Secretary of the Office of Policy and Management shall adopt regulations, in accordance with the provisions of chapter 54, establishing: (1) A procedure under which a municipality shall determine eligibility for the additional exemption under subsection (a) of this section, provided such procedure shall include a provision that when an applicant has filed for such exemption and received approval for the first time, such applicant shall be required to file for such exemption biennially thereafter, subject to the provisions of subsection **[**(f)**]** (e) of this section; (2) the manner in which a municipality shall apply for reimbursement from the state for the revenue loss represented by the additional exemptions provided for in subsections (a) and (b) of this section, which shall provide a penalty for late filing of such application for reimbursement of two hundred fifty dollars but shall also provide that the secretary may waive such forfeiture in accordance with procedures and standards contained in such regulations; and (3) the manner in which the Office of Policy and Management may audit and make adjustments to applications for reimbursement from municipalities for a period of not more than one year next succeeding the deadline for such application.

[(e) Any person aggrieved by action of the assessor or board of assessors in disapproving any application for an additional veteran's exemption from property tax, as provided under this section, may appeal to the Secretary of the Office of Policy and Management, in writing, within thirty days following receipt of notice of denial of such exemption by the assessor or board of assessors. The secretary shall promptly consider such appeal and may approve or disapprove the application, provided such decision shall be made not later than sixty days following receipt of such written notice of appeal. Notice of the secretary's determination regarding the appeal shall be sent to the claimant in writing and a copy shall be forwarded to the assessor or board of assessors. If the claimant is aggrieved with respect to any action of the secretary under this section, such claimant may, within thirty days, appeal to the superior court for the judicial district in which such application is filed. Any claimant who, for the purpose of

obtaining such additional veteran's exemption under this section, wilfully fails to disclose all matters related thereto or with intent to defraud makes any false statement shall forfeit the right to claim such additional veteran's exemption.**]**

[(f)**]** (e) Any person who has submitted application and been approved in any year for the additional exemption under subsection (a) of this section shall, in the year immediately following approval, be presumed to be qualified for such exemption. If, in the year immediately following approval, such person has qualifying income in excess of the maximum allowed under said subsection (a), such person shall notify the tax assessor in the town allowing the additional exemption on or before the next filing date for such exemption and shall be denied such exemption for the assessment year immediately following and for any subsequent year until such person has reapplied and again qualified for such exemption. Any person who fails to notify the tax assessor of such disqualification shall make payment to the town in the amount of property tax loss related to the exemption improperly taken. Not more than thirty days after discovering such person's ineligibility for the exemption, the assessor shall send written notification of such person's identity to the Secretary of the Office of Policy and Management. If any payment was remitted under subsection (c) of this section with respect to a period for which such person was not eligible for the exemption, the amount of the next payment made to the town shall be reduced by the amount of payment made erroneously.

Sec. 48. Section 12-94a of the general statutes is repealed and the following is substituted in lieu thereof:

On or before July first, annually, the tax collector of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of tax revenue which such municipality, except for the provisions of subdivision (55) of section 12-81, would have received, together with

such supporting information as said secretary may require. Any municipality which neglects to transmit to said secretary such claim and supporting documentation as required by this section shall forfeit two hundred fifty dollars to the state, provided said secretary may waive such forfeiture in accordance with procedures and standards adopted by regulation in accordance with chapter 54. Said secretary shall review each such claim **[**and, not later than the July first next succeeding the deadline for the receipt of such claims, shall notify each municipality of his acceptance or modification of such claim. Any municipality aggrieved by the action of the secretary under the provisions of this section may appeal therefrom within thirty days to the superior court for the judicial district in which the municipality is located. The Secretary of the Office of Policy and Management**]** as provided in section 46 of this act. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 46 of this act. The secretary shall, on or before December first, annually, certify to the Comptroller the amount due each municipality under the provisions of this section, including any modification of such claim made prior to December first, and the Comptroller shall draw **[**his**]** an order on the Treasurer on or before the fifteenth day of December following and the Treasurer shall pay the amount thereof to such municipality on or before the thirty-first day of December following. If any modification is made as the result of the provisions of this section on or after the December first following the date on which the tax collector has provided the amount of tax revenue in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this section. For the purposes of this section, "municipality" means a town, city, borough, consolidated town and city or consolidated town and borough.

Sec. 49. Section 12-94b of the general statutes is repealed and the following is substituted in lieu thereof:

[(a)**]** On or before March fifteenth, annually, commencing March 15, 1998, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of exemptions approved under the provisions of subdivisions (72) and (74) of section 12-81, together with such supporting information as said secretary may require including the number of exemption claimants so approved and the original copy of the **[**claims**]** applications filed by them. **[**Said secretary may reevaluate any vehicle included in such claim when, in his judgment, the valuation is inaccurate.**]** Said secretary shall review each such claim **[**and modify the value of any property included therein when, in his judgment, the value is inaccurate or exclude any property when, in his judgment, it does not qualify pursuant to subdivision (72) or (74) of section 12-81**]** as provided in section 46 of this act. Not later than December first next succeeding the conclusion of the assessment year for which **[**such exemption was approved by the assessor or assessors**]** the assessor approved such exemption, the secretary shall notify each claimant **[**and assessor or assessors**]** of the modification or denial of **[**his**]** the claimant's exemption, in accordance with the procedure set forth in **[**subsection (b) of this**]** section 46 of this act. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 46 of this act. The secretary shall, on or before December fifteenth, annually, certify to the Comptroller the amount due each municipality under the provisions of this section, including any modification of such claim made prior to December first, and the Comptroller shall draw **[**his**]** an order on the Treasurer on or before the twenty-fourth day of December following and the Treasurer shall pay the amount thereof to such municipality on or before the thirty-first day of December following. If any modification is made as the result of the provisions of this section on or after the December fifteenth following the date on which the assessor has provided the amount of the exemption in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment

the Treasurer shall make to such municipality pursuant to this section. As used in this section, "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324, and "next succeeding" means the second such date.

[(b) (1) If the Secretary of the Office of Policy and Management modifies the value of machinery and equipment or a commercial motor vehicle which has been approved for exemption by the assessor or board of assessors under subdivision (72) or (74) of section 12-81, or determines that the person who filed written application for such exemption is ineligible therefor, the secretary shall send written notice of such modification or denial to said person, and shall forward a copy to the assessor or assessors who approved such exemption. Not later than ninety days after the date the assessor or assessors receive a copy of such notice, he or they shall determine whether an increase to the taxable grand list of the municipality is required to be made as a result of such modification or denial, unless, in the interim, the assessor or board of assessors have received notification from the Secretary of the Office of Policy and Management that a request for a hearing with respect to such exemption has been made and approved pursuant to subdivision (2) of this subsection. If an increase is warranted, the assessor or assessors shall promptly issue a certificate of correction adding the value of such property to the taxable grand list and shall forward a copy thereof to the tax collector, who shall, not later than thirty days following, issue a bill for the amount of the additional tax due as a result of such increase. Such additional tax shall become due and payable not later than thirty days from the date such bill is sent, and shall be subject to interest for delinquent taxes as provided in section 12-146. With respect to the denial or modification of an exemption for which a hearing is held, the assessor or assessors shall not issue a certificate of correction until he or they receive notice from the Secretary of the Office of Policy and Management of the disposition of such hearing.

(2) Any person aggrieved by the modification or denial of an exemption under subdivision (72) or (74) of section 12-81 by the Secretary of the Office of Policy and Management may, not later than one month after receiving the secretary's notice of such modification or denial thereto, make application for a hearing before said secretary, or his designee. Such application shall be in writing and shall set forth the reasons why the exemption in question should not be modified or denied. The secretary shall grant or deny such hearing request by written notice to the applicant. If a request for hearing is denied by the secretary such notice shall contain a statement of the reason for said denial. Not later than sixty days after the date on which a hearing is held, said secretary shall send notice of his decision concerning such appeal to the applicant and shall forward a copy thereof to the assessor or assessors who approved the exemption in question. If any person is aggrieved by the secretary's decision concerning the disposition of his appeal or the secretary's decision not to hold a hearing, such person may, not later than one month after receiving a notice related thereto from the secretary, make application in the nature of an appeal to the superior court of the judicial district in which the manufacturing facility is located or the commercial motor vehicle is subject to property taxation. Such application shall be accompanied by a citation to the secretary to appear before said court, and shall be served and returned in the same manner as is required in the case of a summons in a civil action. The pendency of such appeal shall not suspend any action by the municipality to collect property taxes from the applicant on the machinery and equipment or the commercial motor vehicle that is the subject of the appeal. The authority issuing the citation shall take from the applicant a bond or recognizance to the state of Connecticut, with surety, to prosecute the application in effect and to comply with the orders and decrees of the court in the premises. Such applications shall be preferred cases, to be heard, unless cause appears to the contrary, at the first session, by the court or by a committee appointed by the court. Said court may grant such relief as may be equitable and, if the application is without probable cause, may tax double or triple

costs, as the case demands; and, upon all applications which are denied, costs may be taxed against the applicant at the discretion of the court, but no costs shall be taxed against the state.**]**

Sec. 50. Section 12-129c of the general statutes is repealed and the following is substituted in lieu thereof:

(a) No claim shall be accepted under section 12-129b unless the taxpayer or **[**his**]** authorized agent of such taxpayer files an application with the assessor of the municipality in which the property is located, in affidavit form as provided by the Secretary of the Office of Policy and Management, during the period from February first to and including May fifteenth of any year in which benefits are first claimed, including such information as is necessary to substantiate said claim in accordance with requirements in such application. A taxpayer may make application to the secretary prior to August fifteenth of the claim year for an extension of the application period. The secretary may grant such extension in the case of extenuating circumstance due to illness or incapacitation as evidenced by a physician's certificate to that extent, or if the secretary determines there is good cause for doing so. The taxpayer shall present to the assessor a copy of such taxpayer's federal income tax return and the federal income tax return of such taxpayer's spouse, if filed separately, for such taxpayer's taxable year ending immediately prior to the submission of the taxpayer's application, or if not required to file a federal income tax return, such other evidence of qualifying income in respect to such taxable year as the assessor may require. Each such application, together with the federal income tax return and any other information submitted in relation thereto, shall be examined by the assessor and if the application is approved by the assessor, it shall be forwarded to the secretary on or before July first of the year in which such application is approved, provided in the case of a taxpayer who received a filing date extension from the secretary, such application shall be forwarded to the secretary not later than ten business days after the date it is filed with the assessor. After a taxpayer's claim for the first year has been

filed and approved such taxpayer shall be required to file such an application biennially. In respect to such application required after the filing and approval for the first year the tax assessor in each municipality shall notify each such taxpayer concerning application requirements by regular mail not later than February first of the assessment year in which such taxpayer is required to reapply, enclosing a copy of the required application form. Such taxpayer may submit such application to the assessor by mail provided it is received by the assessor not later than March fifteenth in the assessment year with respect to which such tax relief is claimed. Not later than April first of such year the assessor shall notify, by certified mail, any such taxpayer for whom such application was not received by said March fifteenth concerning application requirements and such taxpayer shall be required not later than May fifteenth to submit such application personally or for reasonable cause, by a person acting in behalf of such taxpayer as approved by the assessor. **[**, however, in the case of extenuating circumstance due to illness or incapacitation as evidenced by a physician's certificate to that extent, the taxpayer may make application to the Secretary of the Office of Policy and Management prior to August fifteenth of the claim year for any extension of the application period. In submitting any such application such taxpayer shall present to the assessor in substantiation thereof a copy of such taxpayer's federal income tax return and that of such taxpayer's spouse, if filed separately, for such taxpayer's taxable year ending immediately prior to the submission of such application, or if not required to file a federal income tax return, such other evidence of qualifying income in respect to such taxable year as the assessor may require. Each such application, together with the federal income tax return and any other information submitted in relation thereto, shall be examined by the assessor and if the application is approved, forwarded to the Secretary of the Office of Policy and Management on or before July first of the year in which such application is approved.**]**

[(b) Applicants making application in the calendar year 1974 and eligible applicants under section 12-129b who have failed to make

application for benefits thereunder within sixty days following the 1973 assessment date, or in the towns of Glastonbury and South Windsor the 1974 assessment date, shall be permitted to make application for such benefits within sixty days following April 15, 1974, in the usual manner, on the basis of their income for the calendar year 1973. Such affidavit shall not be open for public inspection.**]**

[(c)**]** (b) Any person knowingly making a false affidavit for the purpose of **[**exemption from taxation**]** claiming property tax relief under section 12-129b and this section shall be **[**imprisoned not more than one year or**]** fined not more than five hundred dollars. **[**, or both**]** Any person who fails to disclose all matters relating thereto or with intent to defraud makes a false statement shall refund all tax relief improperly taken.

Sec. 51. Section 12-129d of the general statutes is repealed and the following is substituted in lieu thereof:

(a) On or before January first, annually, the tax collector of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by **[**him**]** the secretary, the amount of tax revenue which such municipality, except for the provisions of section 12-129b, would have received, together with such supporting information as said secretary may require. On or after December 1, 1989, any municipality which neglects to transmit **[**to the Secretary of the Office of Policy and Management**]** the claim and supporting information as required by this section shall forfeit two hundred fifty dollars to the state, provided said secretary may waive such forfeiture in accordance with procedures and standards adopted by regulation in accordance with chapter 54. Said secretary shall review each such claim **[**and, not later than the January first next succeeding the deadline for the receipt of such claims, shall notify each municipality of his acceptance or modification of such claim. Any municipality aggrieved by the action of the secretary under the provisions of this section may appeal therefrom within thirty days to the superior court

for the judicial district in which the municipality is located**]** in accordance with the procedure set forth in section 46 of this act. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 46 of this act.

(b) The Secretary of the Office of Policy and Management shall, on or before August fifteenth, annually, certify to the Comptroller the amount due each municipality under the provisions of subsection (a) of this section, including any modification of such claim made prior to August fifteenth, and the Comptroller shall draw **[**his**]** an order on the Treasurer on or before the first day of September following and the Treasurer shall pay the amount thereof to such municipality on or before the fifteenth day of September following. If any modification is made as the result of the provisions of subsection (a) of this section on or after the August fifteenth following the date on which the tax collector has provided the amount of tax revenue in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this section.

[(c) If, in the process of verification, the Secretary of the Office of Policy and Management finds a claim for tax relief under this section to be mathematically incorrect, not supported by the application or not in conformance with the law or that additional information is needed to justify approving any such claim for reimbursement, he shall notify the assessor or assessors and tax collector and advise him or them of the deficiencies therein, or he may correct and fix the amount of such tax relief and notify the assessor or assessors and tax collector thereof. The assessors shall notify the applicant, in writing, of any correction to the amount of tax relief as claimed. Any person aggrieved by the action of the secretary or the assessor or assessors in fixing the amount of such tax relief or in disapproving any such claim may appeal to the secretary, in writing, within thirty days from the date of the notification so given, giving notice of such grievance. The secretary shall promptly consider such notice and may grant or deny the relief

requested, provided such decision shall be made not later than sixty days after the receipt of such notice. If the relief is denied, the applicant shall be notified forthwith and may, within thirty days after receipt of such notification, request a hearing before such secretary. The secretary shall fix a time and place for such hearing within the judicial district in which the applicant resides and shall notify the applicant of such time and place not later than fifteen days prior to such hearing. At such time he may subpoena witnesses and may administer oaths and make such inquiries as may be necessary to determine the amount of tax relief to conform to the provisions of sections 12-129b to 12-129d, inclusive. If the applicant is aggrieved in respect to any action of the Secretary of the Office of Policy and Management under this section, he may, within thirty days appeal to the superior court for the judicial district in which he resides. Any applicant who wilfully fails to disclose all matters relating thereto or with intent to defraud makes a false statement shall refund all credits improperly taken and shall be fined not more than five hundred dollars or imprisoned for one year or both.**]**

Sec. 52. Section 12-170f of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Any renter, believing himself or herself to be entitled to a grant under section 12-170d for any calendar year, shall make application for such grant to the assessor **[**or assessors**]** of the municipality in which **[**he**]** the renter resides or to the duly authorized **[**agents**]** agent of such assessor or **[**assessors for such grant**]** municipality on or after May fifteenth and not later than September fifteenth of each year with respect to such grant for the calendar year preceding each such year, on a form prescribed and furnished by the Secretary of the Office of Policy and Management to the **[**local**]** assessor. **[**or assessors.**]** A renter may make application to the **[**Secretary of the Office of Policy and Management**]** secretary prior to December fifteenth of the claim year for an extension of the application period. The secretary may grant such extension **[**if he**]** in the case of extenuating circumstance due to

illness or incapacitation as evidenced by a physician's certificate to that extent, or if the secretary determines there is good cause for doing so. **[**Notwithstanding the provisions of this subsection a request for an extension of the 1997 claim year application period may be made not later than August 1, 1998.**]** A renter making such application shall present to such assessor **[**, assessors**]** or **[**agents**]** agent, in substantiation of **[**his**]** the renter's application, a copy of **[**his**]** the renter's federal income tax return, and if not required to file a federal income tax return, such other evidence of qualifying income, receipts for money received, or cancelled checks, or copies thereof, and any other evidence the assessor **[**, assessors**]** or such agent may require. When the assessor **[**, assessors**]** or **[**agents**]** agent is **[**or are**]** satisfied that the applying renter is entitled to a grant, such assessor or **[**assessors or agents**]** agent shall issue a certificate of grant, in triplicate, in such form as the **[**Secretary of the Office of Policy and Management**]** secretary may prescribe and supply showing the amount of the grant due. The assessor **[**or assessors**]** or agent shall forward the original copy and attached application to the **[**Secretary of the Office of Policy and Management**]** secretary not later than the last day of the month following the month in which the renter has made application. On or after December 1, 1989, any municipality which neglects to transmit to the **[**Secretary of the Office of Policy and Management**]** secretary the claim and supporting applications as required by this section shall forfeit two hundred fifty dollars to the state, provided said secretary may waive such forfeiture in accordance with procedures and standards adopted by regulation in accordance with chapter 54. A duplicate of such certificate with a copy of the application attached shall be delivered to the **[**applicant**]** renter and the assessor **[**, assessors**]** or **[**agents**]** agent shall keep the third copy of such certificate and a copy of the application. **[**for their records.**]** After the secretary's review of each claim, pursuant to section 46 of this act, and verification of the amount of the grant the **[**Secretary of the Office of Policy and Management**]** secretary shall, not later than September thirtieth of each year prepare a list of certificates approved for payment, **[**by him,**]** and

shall thereafter supplement such list monthly. Such list and any supplements thereto shall be approved for payment by the **[**Secretary of the Office of Policy and Management**]** secretary and shall be forwarded by **[**him**]** the secretary to the **[**State**]** Comptroller, not later than ninety days after receipt of such applications and certificates of grant from the assessor or **[**assessors**]** agent, and the **[**State**]** Comptroller shall draw **[**his**]** an order **[**upon**]** on the **[**State**]** Treasurer, not later than fifteen days following, in favor of each person on such list and on supplements to such list in the amount of such person's claim and the Treasurer shall pay such amount to such person, not later than fifteen days following. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 46 of this act. Applications filed under this section shall not be open for public inspection. Any person who, for the purpose of obtaining a grant under section 12-170d, wilfully fails to disclose all matters related thereto or with intent to defraud makes false statement shall be fined not more than five hundred dollars.

(b) Any municipality may provide, upon approval by its legislative body, that the duties and responsibilities of the assessor, as required under this section, **[**and section 12-170g,**]** shall be transferred to (1) the officer in such municipality having responsibility for the administration of social services, or (2) the coordinator or agent for the elderly in such municipality.

[(c) Notwithstanding the provisions of subsection (a) of this section, any renter who files an application for a grant pursuant to the increased income levels as established in section 12-170e between July 1, 1988, and December 1, 1988, inclusive, shall be included on a claim to be filed with the Secretary of the Office of Policy and Management by the assessor or assessors, within sixty days of receipt of such application. Such claims shall be reviewed and approved for payment by said secretary and shall be forwarded by him to the State Comptroller, not later than the fifteenth day of May next following. The State Comptroller shall draw his order upon the State Treasurer,

not later than fifteen days following, in favor of each such person's claim, and the Treasurer shall pay such amount to such person not later than fifteen days following.**]**

Sec. 53. Subsection (f) of section 12-170aa of the general statutes is repealed and the following is substituted in lieu thereof:

(f) Any homeowner, believing **[**himself**]** such homeowner is entitled to tax reduction benefits under this section for any assessment year, shall make application as required in subsection (e) of this section, to the assessor of the municipality in which **[**he**]** the homeowner resides, for such tax reduction at any time from February first to and including May fifteenth of the year in which tax reduction is claimed. **[**In the case of extenuating circumstances of the homeowner's illness or incapacitation, evidenced by a physician's certificate to that effect, the homeowner may make application to the Secretary of the Office of Policy and Management prior to August fifteenth of the year in which tax reduction is claimed for an extension of the application period**]** A homeowner may make application to the secretary prior to August fifteenth of the claim year for an extension of the application period. The secretary may grant such extension in the case of extenuating circumstance due to illness or incapacitation as evidenced by a physician's certificate to that extent, or if the secretary determines there is good cause for doing so. Such application for tax reduction benefits shall be submitted on a form prescribed and furnished by the **[**Secretary of the Office of Policy and Management**]** secretary to the **[**local assessors**]** assessor. In making application the homeowner shall present to such assessor, in substantiation of **[**his**]** such homeowner's application, a copy of such homeowner's federal income tax return, including a copy of the social security statement of earnings for such homeowner, and that of such homeowner's spouse, if filed separately, for such homeowner's taxable year ending immediately prior to the submission of such application, or if not required to file a return, such other evidence of qualifying income in respect to such taxable year as may be required by the assessor. When the assessor is satisfied that the

applying homeowner is entitled to tax reduction in accordance with this section, such assessor shall issue a certificate of credit, in such form as the [Secretary of the Office of Policy and Management] secretary may prescribe and supply showing the amount of tax reduction allowed. A duplicate of such certificate shall be delivered to the applicant and the tax collector of the municipality and the assessor [or assessors] shall keep the fourth copy of such certificate and a copy of the application. [for their records] Any homeowner who, for the purpose of obtaining a tax reduction under this section, wilfully fails to disclose all matters related thereto or with intent to defraud makes false statement shall refund all property tax credits improperly taken and shall be fined not more than five hundred dollars. Applications filed under this section shall not be open for public inspection.

Sec. 54. Subsection (g) of section 12-170aa of the general statutes is repealed and the following is substituted in lieu thereof:

(g) On or before July first, annually, each municipality shall submit to the [Secretary of the Office of Policy and Management] secretary, a claim for the tax reductions [to be claimed] approved under this section in relation to the assessment list of October first immediately preceding. On or after December 1, 1987, any municipality which neglects to transmit to the [Secretary of the Office of Policy and Management] secretary the claim as required by this section shall forfeit two hundred fifty dollars to the state provided the secretary may waive such forfeiture in accordance with procedures and standards established by regulations adopted in accordance with chapter 54. Subject to procedures for review and approval of such data [, including additions and adjustments, to be established by regulations] pursuant to section 46 of this act, said secretary shall, on or before December first next following, certify to the Comptroller the amount due each municipality as reimbursement for loss of property tax revenue related to the tax reductions allowed under this section. The Comptroller shall draw [his] an order on the Treasurer on or before the fifteenth day of December and the Treasurer shall pay the

amount due each municipality not later than the thirty-first day of December. **[**, next following, provided in a case of any credit adjusted pursuant to section 12-170cc, the state may adjust the reimbursement made to a municipality for the following calendar year to reflect the adjustment made in relation to such credit**]** Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 46 of this act.

Sec. 55. Section 32-9s of the general statutes is repealed and the following is substituted in lieu thereof:

The state shall make an annual grant payment to each municipality, to each district, as defined in section 7-325, which is located in a distressed municipality, targeted investment community or enterprise zone and to each special services district created pursuant to chapter 105a which is located in a distressed municipality, targeted investment community or enterprise zone (1) in the amount of fifty per cent of the amount of that tax revenue which the municipality or district would have received except for the provisions of subdivisions (59) and (60) of section 12-81, and (2) in the amount of fifty per cent of the amount of the tax revenue which the municipality or district would have received except for the provisions of subdivision (70) of section 12-81. On or before the first day of August of each year, each municipality and district shall file a claim with the Secretary of the Office of Policy and Management for the amount of such grant payment to which such municipality or district is entitled under this section. The claim shall be made on forms prescribed by the **[**Secretary of the Office of Policy and Management**]** secretary and shall be accompanied by such supporting information as the **[**Secretary of the Office of Policy and Management**]** secretary may require. Any municipality or district which neglects to transmit to the **[**Secretary of the Office of Policy and Management**]** secretary such claim and supporting documentation as required by this section shall forfeit two hundred fifty dollars to the state, provided the secretary may waive such forfeiture in accordance with procedures and standards adopted by regulation in accordance with chapter 54.

The [Secretary of the Office of Policy and Management] secretary shall [notify each municipality or district which has made such a claim of the acceptance or modification of the claim not later than the August first next succeeding the deadline for the receipt of such claims. Any municipality or district aggrieved by the action of the Secretary of the Office of Policy and Management under the provisions of this section may appeal, within one month of receipt of any notice made pursuant to this section, to the superior court for the judicial district in which such municipality or district is located. The Secretary of the Office of Policy and Management] review each such claim as provided in section 46 of this act. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 46 of this act. The secretary shall, on or before the December first next succeeding the deadline for the receipt of such claims, certify to the Comptroller the amount due under this section, including any modification of such claim made prior to December first, to each municipality or district which has made a claim under the provisions of this section. The Comptroller shall draw an order on the Treasurer on or before the following December fifteenth, and the Treasurer shall pay the amount thereof to each such municipality or district on or before the following December thirty-first. If any modification is made as the result of the provisions of this section on or after the December first following the date on which the municipality or district has provided the amount of tax revenue in question, any adjustment to the amount due to any municipality or district for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality or district pursuant to this section.

Sec. 56. Subsection (b) of section 12-170d of the general statutes is repealed and the following is substituted in lieu thereof:

(b) For purposes of determining qualifying income under subsection (a) of this section with respect to a married renter who submits an application for a grant in accordance with sections 12-170d to [12-170g]

12-170f, inclusive, the Social Security income of the spouse of such renter shall not be included in the qualifying income of such renter, for purposes of determining eligibility for benefits under said sections, if such spouse is a resident of a health care or nursing home facility in this state receiving payment related to such spouse under the Title XIX Medicaid program. An applicant who is legally separated pursuant to the provisions of section 46b-40, as of the thirty-first day of December preceding the date on which such person files an application for a grant in accordance with sections 12-170d to **[**12-170g**]** 12-170f, inclusive, may apply as an unmarried person and shall be regarded as such for purposes of determining qualifying income under subsection (a) of this section.

Sec. 57. Subsection (a) of section 12-94b of the general statutes is repealed and the following is substituted in lieu thereof:

(a) On or before March fifteenth, annually, commencing March 15, 1998, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of exemptions approved under the provisions of subdivisions (72) and (74) of section 12-81, together with such supporting information as said secretary may require including the number of **[**claimants so approved**]** taxpayers with approved claims under said subdivisions (72) and (74) and the original copy of the claims filed by them. Said secretary may reevaluate any vehicle included in such claim when, in **[**his**]** the secretary's judgment, the valuation is inaccurate. Said secretary shall review each such claim and modify the value of any property included therein when, in **[**his**]** the secretary's judgment, the value is inaccurate or exclude any property when, in **[**his**]** the secretary's judgment, it does not qualify pursuant to subdivision (72) or (74) of section 12-81. Not later than December first next succeeding the conclusion of the assessment year for which such exemption was approved by the assessor or assessors, the secretary shall notify each claimant and assessor or assessors of the modification or denial of **[**his**]** the

exemption, in accordance with the procedure set forth in subsection (b) of this section. With respect to property first approved for exemption under the provisions of subdivisions (72) and (74) of section 12-81 for the assessment years commencing on or after October 1, 2000, the grant payable for such property to any municipality under the provisions of this section shall be equal to eighty per cent of the property taxes which, except for the exemption under the provisions of subdivisions (72) and (74) of section 12-81, would have been paid. The secretary shall, on or before December fifteenth, annually, certify to the Comptroller the amount due each municipality under the provisions of this section, including any modification of such claim made prior to December first, and the Comptroller shall draw **[**his**]** an order on the Treasurer on or before the twenty-fourth day of December following and the Treasurer shall pay the amount thereof to such municipality on or before the thirty-first day of December following. If any modification is made as the result of the provisions of this section on or after the December fifteenth following the date on which the assessor has provided the amount of the exemption in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this section. As used in this section, "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324, and "next succeeding" means the second such date.

Sec. 58. Section 12-19b of the general statutes is repealed and the following is substituted in lieu thereof:

Not later than April first in any assessment year, any town or borough to which a grant is payable under the provisions of section 12-19a shall provide the Secretary of the Office of Policy and Management with the assessed valuation of the **[**state-owned land and buildings and the assessed valuation of the municipally owned airport**]** real property eligible therefor as of the first day of October immediately preceding,

adjusted in accordance with any gradual increase in or deferment of assessed values of real property implemented in accordance with section 12-62c or subsection (e) of section 12-62a, which is required for computation of such grant. Any town which neglects to transmit to the **[**Secretary of the Office of Policy and Management**]** secretary the assessed valuation as required by this section shall forfeit two hundred fifty dollars to the state, provided the secretary may waive such forfeiture in accordance with procedures and standards adopted by regulation in accordance with chapter 54. Said secretary may on or before the first day of August of the state fiscal year in which such grant is payable, reevaluate any such property when, in **[**his**]** the secretary's judgment, the valuation is inaccurate and shall notify such town of such reevaluation by certified or registered mail. Any town or borough aggrieved by the action of the secretary under the provisions of this section may, not later than ten business days following receipt of such notice, appeal to the secretary for a hearing concerning such reevaluation. Such appeal shall be in writing and shall include a statement as to the reasons for such appeal. The secretary shall, not later than ten business days following receipt of such appeal, grant or deny such hearing by notification in writing, including in the event of a denial, a statement as to the reasons for such denial. Such notification shall be sent by certified or registered mail. If any town or borough is aggrieved by the action of the secretary following such hearing or in denying any such hearing, the town or borough may **[**within two weeks of**]** not later than ten business days after receiving such notice, appeal to the superior court for the judicial district wherein such town is located. Any such appeal shall be privileged.

Sec. 59. Section 12-19c of the general statutes is repealed and the following is substituted in lieu thereof:

The Secretary of the Office of Policy and Management shall, not later than September first, certify to the Comptroller the amount due each town or borough under the provisions of section 12-19a, or under any recomputation occurring prior to said September first which may

be effected as the result of the provisions of section 12-19b, and the Comptroller shall draw **[**his**]** an order on the Treasurer on or before the fifteenth day of September following and the Treasurer shall pay the amount thereof to such town on or before the thirtieth day of September following. If any recomputation is effected as the result of the provisions of section 12-19b on or after the **[**September**]** August first following the date on which the town has provided the assessed valuation in question, any adjustments to the amount due to any town for the period for which such adjustments were made shall be made in the next payment the Treasurer shall make to such town pursuant to this section.

Sec. 60. Section 12-20a of the general statutes is repealed and the following is substituted in lieu thereof:

[On or before January first, annually, the**]** (1) The Secretary of the Office of Policy and Management shall determine the amount due to each municipality in the state, in accordance with this section, as a state grant in lieu of taxes with respect to real property exempt from taxation under any of the subdivisions of section 12-81 that is owned by **[**any**]** and used as a private nonprofit institution of higher education or any nonprofit general hospital facility or free standing chronic disease hospital or an urgent care facility that operates for at least twelve hours a day and that had been the location of a nonprofit general hospital for at least a portion of calendar year 1996 to receive payments in lieu of taxes for such property, exclusive of any such facility operated by the federal government or the state of Connecticut or any subdivision thereof. **[**As used in this section "private nonprofit institution of higher education" means any such institution engaged primarily in education beyond the high school level, the property of which is exempt from property tax under any of the subdivisions of section 12-81; "nonprofit general hospital facility" means any such facility which is used primarily for the purpose of general medical care and treatment, exclusive of any hospital facility used primarily for the care and treatment of special types of disease or physical or mental

conditions; and "free standing chronic disease hospital" means a facility which provides for the care and treatment of chronic diseases, excluding any such facility having an ownership affiliation with and operated in the same location as a chronic and convalescent nursing home.**]**

(2) The grant payable to any municipality under the provisions of this section in the state fiscal year commencing July 1, 1999, and in each fiscal year thereafter, shall be equal to seventy-seven per cent of the property taxes which, except for any exemption applicable to any such institution of higher education or general hospital facility under the provisions of section 12-81, would have been paid with respect to such exempt real property on the assessment list in such municipality for the assessment date two years prior to the commencement of the state fiscal year in which such grant is payable. The amount of the grant payable to each municipality in any year in accordance with this section shall be reduced proportionately in the event that the total of such grants in such year exceeds the amount appropriated for the purposes of this section with respect to such year.

(3) As used in this section and section 12-20b the word "municipality" means any town, consolidated town and city, consolidated town and borough, borough, district, as defined in section 7-324, and any city not consolidated with a town; "institution of higher education" means any such institution, as defined in subsection (a) of section 10a-34 or any independent college or university, as defined in section 10a-37, which offers courses of instruction in education beyond the high school level for which college or university-level credit may be given or may be received by transfer; "general hospital facility" means any such facility which is used primarily for the purpose of general medical care and treatment, exclusive of any hospital facility used primarily for the care and treatment of special types of disease or physical or mental conditions; and "free standing chronic disease hospital" means a facility which provides for the care and treatment of chronic diseases, excluding any such facility having

an ownership affiliation with and operated in the same location as a chronic and convalescent nursing home.

Sec. 61. Subdivision (55) of section 12-412 of the general statutes is repealed and the following is substituted in lieu thereof:

(55) Sales of (A) tangible personal property by any funeral establishment performing the primary services in preparation for and the conduct of burial or cremation, provided any such property must be used directly in the performance of such services and the total amount of such exempt sales with respect to any single funeral may not exceed two thousand five hundred dollars, or (B) caskets used for burial or cremation.

Sec. 62. Subsection (d) of section 32-9p of the general statutes is repealed and the following is substituted in lieu thereof:

(d) "Manufacturing facility" means any plant, building, other real property improvement, or part thereof, (1) which (A) is constructed or substantially renovated or expanded on or after July 1, 1978, in a distressed municipality, a targeted investment community as defined in section 32-222, or an enterprise zone designated pursuant to section 32-70, or (B) is acquired on or after July 1, 1978, in a distressed municipality, a targeted investment community as defined in section 32-222, or an enterprise zone designated pursuant to said section 32-70, by a business organization which is unrelated to and unaffiliated with the seller, after having been idle for at least one year prior to its acquisition and regardless of its previous use; (2) which is to be used for the manufacturing, processing or assembling of raw materials, parts or manufactured products, for research and development facilities directly related to manufacturing, for the significant servicing, overhauling or rebuilding of machinery and equipment for industrial use, or, except as provided in this subsection, for warehousing and distribution or, (A) if located in an enterprise zone designated pursuant to said section 32-70, which is to be used by an establishment, an auxiliary or an operating unit of an establishment as such terms are

defined in the Standard Industrial Classification Manual, in the categories of depository institutions, nondepository credit institutions, insurance carriers, holding or other investment offices, business services, health services, fishing, hunting and trapping, motor freight transportation and warehousing, water transportation, transportation by air, transportation services, security and commodity brokers, dealers, exchanges and services, telemarketing or engineering, accounting, research, management and related services including, but not limited to, management consulting services from the Standard Industrial Classification Manual or in Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group 5621 in the North American Industrial Classification System, United States Manual, United States Office of Management and Budget, 1997 edition, which establishment, auxiliary or operating unit shows a strong performance in exporting goods and services, and as further defined by the commissioner through regulations adopted under chapter 54, **[**or in Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group 5621 in the North American Industrial Classification System, United States manual, United States Office of Management and Budget, 1997 edition,**]** or (B) if located in an enterprise zone designated pursuant to said section 32-70, which is to be used by an establishment primarily engaged in supplying goods or services in the fields of computer hardware or software, computer networking, telecommunications or communications, or (C) if located in a municipality with an entertainment district designated under section 32-76 or established under section 2 of public act 93-311*, is to be used in the production of entertainment products, including multimedia products, or as part of the airing, display or provision of live entertainment for stage or broadcast, including support services such as set manufacturers, scenery makers, sound and video equipment providers and manufacturers, stage and screen writers, providers of capital for the entertainment industry and agents for talent, writers, producers and music properties and technological infrastructure support including, but not limited to, fiber optics, necessary to support multimedia and

other entertainment formats, except entertainment provided by or shown at a gambling or gaming facility or a facility whose primary business is the sale or serving of alcoholic beverages; and (3) for which the department has issued an eligibility certificate in accordance with section 32-9r. In the case of facilities which are acquired, the department may waive the requirement of one year of idleness if it determines that, absent qualification as a manufacturing facility under subdivisions (59) and (60) of section 12-81, and sections 12-217e, 32-9p to 32-9s, inclusive, and 32-23p, there is a high likelihood that the facility will remain idle for one year. In the case of facilities located in an enterprise zone designated pursuant to said section 32-70, (A) the idleness requirement in subparagraph (B) of subdivision (1) of this subsection, for business organizations which over the six months preceding such acquisition have had an average total employment of between six and nineteen employees, inclusive, shall be reduced to a minimum of six months, and (B) the idleness requirement shall not apply to business organizations with an average total employment of five or fewer employees, provided no more than one eligibility certificate shall be issued under this subparagraph for the same facility within a three-year period. Of those facilities which are for warehousing and distribution, only those which are newly constructed or which represent an expansion of an existing facility qualify as manufacturing facilities. In the event that only a portion of a plant is acquired, constructed, renovated or expanded, only the portion acquired, constructed, renovated or expanded constitutes the manufacturing facility. A manufacturing facility which is leased may for the purposes of subdivisions (59) and (60) of section 12-81 and sections 12-217e, 32-9p to 32-9s, inclusive, and 32-23p, be treated in the same manner as a facility which is acquired if the provisions of the lease serve to further the purposes of subdivisions (59) and (60) of section 12-81, and sections 12-217e, 32-9p to 32-9s, inclusive, and 32-23p and demonstrate a substantial, long-term commitment by the occupant to use the manufacturing facility, including a contract for lease for an initial minimum term of five years with provisions for the

extension of the lease at the request of the lessee for an aggregate term which shall not be less than ten years, or the right of the lessee to purchase the facility at any time after the initial five-year term, or both. For a facility located in an enterprise zone designated pursuant to said section 32-70, and occupied by a business organization with an average total employment of ten or fewer employees over the six-month period preceding acquisition, such contract for lease may be for an initial minimum term of three years with provisions for the extension of the lease at the request of the lessee for an aggregate term which shall not be less than six years, or the right of the lessee to purchase the facility at any time after the initial three-year term, or both, and may also include the right for the lessee to relocate to other space within the same enterprise zone, provided such space is under the same ownership or control as the originally leased space or if such space is not under such same ownership or control as the originally leased space, permission to relocate is granted by the lessor of such originally leased space, and such relocation shall not extend the duration of benefits granted under the original eligibility certificate. Except as provided in subparagraph (B) of subdivision (1) of this subsection, a manufacturing facility does not include any plant, building, other real property improvement or part thereof used or usable for such purposes which existed before July 1, 1978.

Sec. 63. Subsection (f) of section 32-9r of the general statutes is repealed and the following is substituted in lieu thereof:

(f) The commissioner shall adopt regulations, in accordance with chapter 54, to carry out the provisions of this section. Such regulations shall provide that establishments in the category of business services, as defined in the Standard Industrial Classification Manual, or **[**in Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group 5621 in the North American Industrial Classification System United States manual, United States Office of Management and Budget, 1997 edition, shall**]** manufacturing facilities, as defined in subsection (d) of section 32-9p, as amended by this act, may be eligible for a certificate if

they are located in an enterprise zone.

Sec. 64. Section 12-407c of the general statutes is repealed and the following is substituted in lieu thereof:

If any person described in **[**subdivision (e)**]** subparagraph (E) of subsection (12) of section 12-407 is acting in concert with any person described in **[**subdivision (f)**]** subparagraph (F) of said subsection, the Commissioner of Revenue Services, in the commissioner's discretion, may deem and treat such persons as principal and agent, respectively, when the commissioner deems it necessary for the efficient administration of this chapter and may hold such persons jointly and severally liable for the collection and payment of the taxes imposed by this chapter. An unaffiliated person providing fulfillment services, as defined in subparagraph (C) of subsection (15) of section 12-407, to a purchaser of such services shall not be treated as a retailer by the commissioner under this section with respect to such activity.

Sec. 65. Subsection (1) of section 12-411 of the general statutes is repealed and the following is substituted in lieu thereof:

(1) An excise tax is hereby imposed on the storage, acceptance, consumption or any other use in this state of tangible personal property purchased from any retailer for storage, acceptance, consumption or any other use in this state, the acceptance or receipt of any services constituting a sale in accordance with subdivision (2) of section 12-407, purchased from any retailer for consumption or use in this state, or the storage, acceptance, consumption or any other use in this state of tangible personal property which has been manufactured, fabricated, assembled or processed from materials by a person, either within or without this state, for storage, acceptance, consumption or any other use by such person in this state, to be measured by the sales price of materials, at the rate of six per cent of the sales price of such property or services, except, in lieu of said rate of six per cent, (A) at a rate of twelve per cent of the rent paid for occupancy of any room or rooms in a hotel or lodging house for the first period of not exceeding

thirty consecutive calendar days, (B) with respect to the storage, acceptance, consumption or use in this state of a motor vehicle purchased from any retailer for storage, acceptance, consumption or use in this state by any individual who is a member of the armed forces of the United States and is on full-time active duty in Connecticut and who is considered, under 50 App USC 574, a resident of another state, or to any such individual and the spouse of such individual at a rate of four and one-half per cent of the sales price of such vehicle, provided such retailer requires and maintains a declaration by such individual, prescribed as to form by the commissioner and bearing notice to the effect that false statements made in such declaration are punishable, or other evidence, satisfactory to the commissioner, concerning the purchaser's state of residence under 50 App USC 574, (C) with respect to the acceptance or receipt in this state of labor that is otherwise taxable under subdivision (c) or (g) of subsection (2) of section 12-407 on existing vessels and repair or maintenance services on vessels occurring on and after July 1, 1999, such services shall be exempt from such tax, (D) (i) with respect to the acceptance or receipt in this state of computer and data processing services purchased from any retailer for consumption or use in this state occurring on or after July 1, 1997, and prior to July 1, 1998, at the rate of five per cent of such services, on or after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent of such services, on or after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent of such services, on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per cent of such services, on and after July 1, 2001, and prior to July 1, 2002, at the rate of one per cent of such services and on and after July 1, 2002, such services shall be exempt from such tax, and (ii) with respect to the acceptance or receipt in this state of Internet access services, on or after July 1, 2001, such services shall be exempt from tax, (E) with respect to the acceptance or receipt in this state of patient care services purchased from any retailer for consumption or use in this state occurring on or after July 1, 1999, at the rate of five and three-fourths per cent, and (F) with respect to

acceptance of the renovation and repair services of paving of any sort, painting or staining, wallpapering, roofing, siding and exterior sheet metal work, to other than industrial, commercial or income-producing real property, occurring on or after July 1, 1999, and prior to July 1, 2000, at the rate of four per cent, with respect to such sales occurring on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per cent, and on and after July 1, 2001, sales of such renovation and repair services shall be exempt from such tax.

Sec. 66. Subsection (27) of section 12-412 of the general statutes, as amended by section 2 of public act 00-170, is repealed and the following is substituted in lieu thereof:

(27) (A) Sales of any items for fifty cents or less from vending machines; or (B) sales of food products, as defined in subsection **[**(23)**]** (13) of this section, sold through coin-operated vending machines.

Sec. 67. Subsections (a) and (b) of section 12-587 of the general statutes are repealed and the following is substituted in lieu thereof:

(a) As used in this chapter: (1) "Company" includes a corporation, partnership, limited partnership, limited liability company, limited liability partnership, association, individual or any fiduciary thereof; (2) "quarterly period" means a period of three calendar months commencing on the first day of January, April, July or October and ending on the last day of March, June, September or December, respectively; (3) "gross earnings" means all consideration received from the first sale within this state of a petroleum product; (4) "petroleum products" means those products which contain or are made from petroleum or a petroleum derivative; **[**, except paraffin or microcrystalline waxes;**]** (5) "first sale of petroleum products within this state" means the initial sale of a petroleum product delivered to a location in this state; (6) "export" or "exportation" means the conveyance of petroleum products from within this state to a location outside this state for the purpose of sale or use outside this state; and (7) "sale for exportation" means a sale of petroleum products to a

purchaser which itself exports such products.

(b) (1) Except as otherwise provided in subdivision (2) of this subsection, any company which is engaged in the refining or distribution, or both, of petroleum products and which distributes such products in this state shall pay a quarterly tax on its gross earnings derived from the first sale of petroleum products within this state. Each company shall on or before the last day of the month next succeeding each quarterly period render to the commissioner a return on forms prescribed or furnished by the commissioner and signed by the person performing the duties of treasurer or an authorized agent or officer, including the amount of gross earnings derived from the first sale of petroleum products within this state for the quarterly period and such other facts as the commissioner may require for the purpose of making any computation required by this chapter. Except as otherwise provided in subdivision (3) of this subsection, the rate of tax shall be five per cent.

(2) Gross earnings derived from the first sale of the following petroleum products within this state shall be exempt from tax: (A) Any petroleum products sold for exportation from this state for sale or use outside this state; (B) the product designated by the American Society for Testing and Materials as "Specification for Heating Oil D396-69", commonly known as number 2 heating oil, to be used exclusively for heating purposes or to be used in a commercial fishing vessel, which vessel qualifies for an exemption pursuant to section 12-412; (C) kerosene, commonly known as number 1 oil, to be used exclusively for heating purposes, provided delivery is of both number 1 and number 2 oil, and via a truck with a metered delivery ticket to a residential dwelling or to a centrally metered system serving a group of residential dwellings; (D) the product identified as propane gas, to be used exclusively for heating purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil to be used in any vessel having a displacement exceeding four thousand dead weight tons; (F) for any first sale occurring prior to January 1, 2000, propane gas to be

used as a fuel for a motor vehicle; (G) for any first sale occurring on or after July 1, 2002, grade number 6 fuel oil, as defined in regulations adopted pursuant to section 16a-22c, to be used exclusively by a company which, in accordance with census data contained in the Standard Industrial Classification Manual, United States Office of Management and Budget, 1987 edition, is included in code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in the North American Industrial Classification System United States Manual, United States Office of Management and Budget, 1997 edition; **[**or**]** (H) for any first sale occurring on or after July 1, 2002, number 2 heating oil to be used exclusively in a vessel primarily engaged in interstate commerce, which vessel qualifies for an exemption under section 12-412; or (I) for any first sale occurring on or after July 1, 2000, paraffin or microcrystalline waxes.

(3) The rate of tax on gross earnings derived from the first sale of grade number 6 fuel oil, as defined in regulations adopted pursuant to section 16a-22c, to be used exclusively by a company which, in accordance with census data contained in the Standard Industrial Classification Manual, United States Office of Management and Budget, 1987 edition, is included in code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in the North American Industrial Classification System United States Manual, United States Office of Management and Budget, 1997 edition, or number 2 heating oil used exclusively in a vessel primarily engaged in interstate commerce, which vessel qualifies for an exemption under section 12-412 shall be: (A) Four per cent with respect to calendar quarters commencing on or after July 1, 1998, and prior to July 1, 1999; (B) three per cent with respect to calendar quarters commencing on or after July 1, 1999, and prior to July 1, 2000; (C) two per cent with respect to calendar quarters commencing on or after July 1, 2000, and prior to July 1, 2001; and (D) one per cent with respect to calendar quarters commencing on or after July 1, 2001, and prior to July 1, 2002.

Sec. 68. Subsection (a) of section 12-704 of the general statutes is

repealed and the following is substituted in lieu thereof:

(a) (1) Any resident or part-year resident of this state shall be allowed a credit against the tax otherwise due under this chapter in the amount of any income tax imposed on such resident or part-year resident for the taxable year by another state of the United States or a political subdivision thereof or the District of Columbia on income derived from sources therein and which is also subject to tax under this chapter.

(2) In the case of a resident, the credit provided under this section shall not exceed the proportion of the tax otherwise due under this chapter that the amount of the taxpayer's Connecticut adjusted gross income derived from or connected with sources in the other taxing jurisdiction bears to such taxpayer's Connecticut adjusted gross income under this chapter. The provisions of this section shall also apply to resident trusts and estates and, wherever reference is made in this section to residents of this state, such reference shall be construed to include resident trusts and estates.

(3) In the case of a part-year resident, the credit provided under this section shall not exceed the proportion of the tax otherwise due during the period of residency under this chapter that the amount of the taxpayer's Connecticut adjusted gross income derived from or connected with sources in the other jurisdiction during the period of residency bears to such taxpayer's Connecticut adjusted gross income during the period of residency under this chapter. **[**, nor shall the**]** The provisions of this section shall also apply to part-year resident trusts and, wherever reference is made in this section to part-year residents of this state, such reference shall be construed to include part-year resident trusts.

(4) The allowance of the credit provided under this section shall not reduce the tax otherwise due under this chapter to an amount less than what would have been due if the income subject to taxation by such other jurisdiction were excluded from Connecticut adjusted gross

income.

Sec. 69. Subsection (d) of section 22a-132 of the general statutes is repealed and the following is substituted in lieu thereof:

(d) The revenue collected in accordance with this section shall be deposited in the General Fund. The assessment imposed by this section shall not apply to any Connecticut state agency or any Connecticut political subdivision or agency thereof.

Sec. 70. Section 12-413b of the general statutes is repealed and the following is substituted in lieu thereof:

(a) The Commissioner of Higher Education may select a direct **[**pay**]** payment permit holder, as described in section 12-409a, for a pilot program in accordance with the provisions of this section.

(b) There shall be allowed a credit to such direct **[**pay**]** payment permit holder in an amount equal to the amount of a qualified investment, as defined in subsection (c) of this section, that is made on or after July 1, 2000, against the use tax liability that is incurred under this chapter by such holder in making purchases on or after July 1, 2000, of computer equipment to be used in this state in electronic commerce. The total amount of such credits allowed under this section shall not exceed two million dollars in the aggregate. No credit shall be allowed under this section unless the Commissioner of Higher Education certifies, in a manner satisfactory to the Commissioner of Revenue Services, that a qualified investment has been made by the direct **[**pay**]** payment permit holder and that projects related to such investment have been completed. The Commissioner of Revenue Services may adopt regulations, in accordance with the provisions of chapter 54, which prescribe the procedures for the direct **[**pay**]** payment permit holder to claim the credit allowed under this section.

(c) For purposes of this section, "qualified investment" means resources, including, but not limited to, cash, property or services

provided by a direct **[**pay**]** payment permit holder to a public or private college or university in this state, for the design, planning, construction or renovation of buildings or classrooms, the acquisition of computer equipment or the acquisition of other property or licenses necessary for operation of computer programs which will be used in the instruction of students in business studies related to electronic commerce or in work force development programs.

Sec. 71. Section 12-407a of the general statutes is repealed and the following is substituted in lieu thereof:

(a) **[**The**]** Except as otherwise provided in subsections (b) and (c) of this section, the rendering of telecommunications service shall be subject to tax under this chapter as a sale, for purposes of subdivision (k) of subsection (2) of section 12-407 when such service is (1) (A) originated in this state and terminated in this state, (B) originated in this state and terminated outside this state and with respect to which such service is charged to a telephone number, customer or account located in this state or to the account of any transmission instrument in this state or (C) originated outside this state and terminated in this state and with respect to which such service is charged to a telephone number, customer or account located in this state or to the account of any transmission instrument in this state, or (2) rendered by providing a private interstate telecommunications line on which the customer for such line has two or more locations connected to such line and the charges for which are related to (A) the number of customer locations connected to such line in this state, (B) the distance between customer locations connected to such line in this state, and (C) a portion of such line determined by a ratio, the numerator of which is the number of air miles between the state border and the denominator of which is the number of air miles between said closest connection to the state border in this state and the customer location connected to such line which is closest to the state border outside this state.

(b) For purposes of determining the application of tax under this

chapter to cellular mobile telecommunications service in accordance with subdivision (1) of subsection (a) of this section, (A) a call originated from a cellular mobile telephone shall be deemed to have originated in this state if the first site in a cellular telephone system, at which messages to or from cellular mobile telephones are transmitted or received, to establish a completed call is located in this state, (B) a call terminated at a cellular mobile telephone shall be deemed to have terminated in this state if the first such site to transmit the call to such telephone is located in this state, (C) a call originated in this state as described in subparagraph (A) of this subsection shall be deemed to have originated and terminated in this state if the call terminates in this state, and (D) a call terminated in this state as described in subparagraph (B) of this subsection shall be deemed to have originated and terminated in this state if the call originates in this state. This subsection shall apply to services that are rendered prior to August 2, 2002, provided, if a court of competent jurisdiction enters a final judgment on the merits that is based on federal law, that is no longer subject to appeal, and that substantially limits or impairs the essential elements of Sections 116 to 126, inclusive, of Title 4 of the United States Code, this subsection shall also apply to services that are rendered on or after the date of entry of such judgment.

(c) (1) For purposes of this subsection:

(A) "Mobile telecommunications service" means mobile telecommunications service, as defined in 4 USC 124;

(B) "Charges for mobile telecommunications services" means charges for mobile telecommunications services, as defined in 4 USC 124;

(C) "Home service provider" means home service provider, as defined in 4 USC 124;

(D) "Customer" means customer, as defined in 4 USC 124;

(E) "Place of primary use" means place of primary use, as defined in 4 USC 124; and

(F) "Taxing jurisdiction" means taxing jurisdiction, as defined in 4 USC 124.

(2) (A) For purposes of determining the application of tax under this chapter to mobile telecommunications service, mobile telecommunications services provided in any taxing jurisdiction to a customer, the charges for which are billed by or for the customer's home service provider, shall be deemed to be provided by the customer's home service provider.

(B) Subject to the specific exceptions described in 4 USC 116(c), all charges for mobile telecommunications services that are deemed to be provided by the customer's home service provider are subject to tax under this chapter if the customer's place of primary use is in this state regardless of where the mobile telecommunications services originate, terminate or pass through.

(3) (A) A home service provider shall be responsible for obtaining and maintaining a record of the customer's place of primary use. Except as provided in subdivision (4) of this subsection, if the home service provider's reliance on the information provided by its customer is in good faith: (i) The home service provider may rely on the applicable residential or business street address supplied by the home service provider's customer; and (ii) the home service provider shall not be held liable for any additional taxes under this chapter based on a different determination of the place of primary use.

(B) Except as provided in subdivision (4) of this subsection, a home service provider may treat the address used by the home service provider for purposes of this chapter, for any customer under a service contract or agreement in effect on July 28, 2002, as that customer's place of primary use for the remaining term of such service contract or agreement, excluding any extension or renewal of such service contract

or agreement.

(4) (A) If the commissioner determines that the address used by a home service provider as a customer's place of primary use is not, in fact, the customer's place of primary use, the commissioner shall notify such customer of such determination and provide such customer an opportunity to demonstrate that the address used by a home service provider as a customer's place of primary use is, in fact, the customer's place of primary use.

(B) If the customer fails to demonstrate, to the satisfaction of the commissioner, that the address is, in fact, the customer's place of primary use, the commissioner shall provide the home service provider with notice of the proper address to be used as such customer's place of primary use, and the home service provider shall begin using the address provided by the commissioner as such customer's place of primary use on a prospective basis from the date the commissioner provides notice of such address.

(5) (A) Notwithstanding any other provision of law, the commissioner may provide an electronic database, as described in 4 USC 119, and any revisions to such database, to a home service provider.

(B) If the commissioner does not provide an electronic database, as described in subparagraph (A) of this subdivision, to a home service provider, the home service provider shall be held harmless from tax under this chapter that otherwise would be due solely as a result of an assignment of a street address to an incorrect taxing jurisdiction if, subject to subdivision (4) of this subsection, the home service provider employs an enhanced zip code to assign each street address to a specific taxing jurisdiction for each level of taxing jurisdiction and exercises due diligence at each level of taxing jurisdiction to ensure that each such street address is assigned to the correct taxing jurisdiction.

(6) (A) If a customer believes that an amount of tax or an assignment of place of primary use or taxing jurisdiction included on a billing is erroneous, the customer shall notify the home service provider in writing. The customer shall include in such written notification the street address for the customer's place of primary use, the account name and number for which the customer requests a correction, a description of the error asserted by the customer and any other information that the home service provider reasonably requires to process the request. No later than sixty days after the date of receiving a notice under this subdivision, the home service provider shall review its records. If such review establishes that the amount of tax, or the assignment of place of primary use or taxing jurisdiction is erroneous, then the home service provider shall correct the error and refund or credit the amount of tax erroneously collected from the customer for a period of up to two years from the date of the customer's written notification. If such review establishes that the amount of tax, or the assignment of place of primary use or taxing jurisdiction is correct, then the home service provider shall provide a written explanation to the customer.

(B) If the customer is not satisfied with the explanation of the home service provider under subparagraph (A) of this subdivision, the customer may claim a refund from the taxing jurisdiction affected, provided the customer has first exhausted the remedy available to customers under subparagraph (A) of this subdivision, and, if the customer has done so and if the taxing jurisdiction affected is this state, the claim is made within the time prescribed in section 12-425.

(7) This subsection shall apply to services that are rendered on or after August 2, 2002, provided, if a court of competent jurisdiction enters a final judgment on the merits that is based on federal law, that is no longer subject to appeal, and that substantially limits or impairs the essential elements of Sections 116 to 126, inclusive, of Title 4 of the United States Code, this subsection shall be invalid and have no legal effect as of the date of entry of such judgment.

(d) If nontaxable charges are aggregated with and not separately stated from taxable charges for telecommunications services, then the nontaxable charges may be subject to tax unless the provider can reasonably identify charges not subject to tax under this chapter from its books and records that are kept in the regular course of business. A customer may not rely upon the nontaxability of charges for services unless the customer's provider separately states the charges for nontaxable services from taxable charges for telecommunications services or the provider elects, after receiving written request from the customer in the form required by the provider, to provide verifiable data based upon the provider's books and records that are kept in the regular course of business that reasonably identifies the nontaxable charges.

Sec. 72. Subsection (f) of section 38a-88a of the general statutes is repealed and the following is substituted in lieu thereof:

(f) The credit allowed by this section may be claimed only with respect to an income year for which a certification of continued eligibility required under subsection (g) of this section has been issued. If, with respect to any year for which a tax credit is claimed, any subject insurance business ceases at any time to employ at least twenty-five per cent of its total work force in new jobs, then, except as provided in subsection (g) of this section, the entitlement to the credit allowed by this section shall not be allowed for the taxable year in which such employment ceases, and there shall not be a pro rata application of the credit to such taxable year; provided, if the reason for such cessation is the dissolution, liquidation or reorganization of such insurance business in bankruptcy or delinquency proceeding, as defined in section 38a-905, the credit shall be allowed.

Sec. 73. Subsection (b) of section 1 of public act 01-179 is repealed and the following is substituted in lieu thereof:

(b) Any proceedings authorizing the issuance of bonds under this section may contain a provision that taxes or a specified portion

thereof, if any, identified in such authorizing proceedings and levied upon taxable real or personal property, or both, in a project each year, or payments or grants in lieu of such taxes or a specified portion thereof, by or for the benefit of any one or more municipalities, districts or other public taxing agencies, as the case may be, shall be divided as follows: (1) In each fiscal year that portion of the taxes or payments or grants in lieu of taxes which would be produced by applying the then current tax rate of each of the taxing agencies to the total sum of the assessed value of the taxable property in the project on the date of such authorizing proceedings, adjusted in the case of grants in lieu of taxes to reflect the applicable statutory rate of reimbursement, shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies in the same manner as taxes by or for said taxing agencies on all other property are paid; and (2) that portion of the assessed taxes or the payments or grants in lieu of taxes, or both, each fiscal year in excess of the amount referred to in subdivision (1) of this subsection shall be allocated to and when collected shall be paid into a special fund of the Connecticut Development Authority to be used in each fiscal year, in the discretion of the Connecticut Development Authority, to pay the principal of and interest due in such fiscal year on bonds issued by the Connecticut Development Authority to finance, refinance or otherwise assist such project, to purchase bonds issued for such project, or to reimburse the provider of or reimbursement party with respect to any guarantee, letter of credit, policy of bond insurance, funds deposited in a debt service reserve fund, funds deposited as capitalized interest or other credit enhancement device used to secure payment of debt service on any bonds issued by the Connecticut Development Authority to finance, refinance or otherwise assist such project, to the extent of any payments of debt service made therefrom. Unless and until the total assessed valuation of the taxable property in a project exceeds the total assessed value of the taxable property in such project as shown by the last assessment list referred to in subdivision (1) of this subsection, all of the taxes levied and collected and all of the payments or grants in

lieu of taxes due and collected upon the taxable property in such project shall be paid into the funds of the respective taxing agencies. When such bonds and interest thereof, and such debt service reimbursement to the provider of or reimbursement party with respect to such credit enhancement, have been paid in full, all moneys thereafter received from taxes or payments or grants in lieu of taxes upon the taxable property in such development project shall be paid into the funds of the respective taxing agencies in the same manner as taxes on all other property are paid. The total amount of bonds issued pursuant to this section which are payable from grants in lieu of taxes payable by the state shall not exceed an amount of bonds, the debt service on which in any state fiscal year is, in total, equal to one million dollars.

Sec. 74. Section 14-41 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Except as provided in section 14-41a, as amended by this act, each motor vehicle or motorcycle operator's license shall be renewed **[**quadrennially**]** every six years on the date of the operator's birthday. On and after July 1, 2001, the Commissioner of Motor Vehicles shall screen the vision of each motor vehicle operator prior to every other renewal of **[**his**]** the operator's license of such operator in accordance with a schedule adopted by the commissioner. Such screening requirement shall apply to every other renewal following the initial screening. In lieu of the vision screening by the commissioner, such operator may submit the results of a vision screening conducted by a licensed health care professional qualified to conduct such screening on a form prescribed by the commissioner during the twelve months preceding such renewal. No motor vehicle operator's license may be renewed unless the operator passes such vision screening. The commissioner shall adopt regulations in accordance with the provisions of chapter 54 to implement the provisions of this subsection relative to the administration of vision screening.

(b) An original operator's license shall expire within a period not exceeding **[**four**]** six years following the date of the operator's next birthday. The fee for such original license shall be computed at the rate of seventy-five cents per month except that the fee shall not exceed three dollars and fifty cents for any six-month period, plus the sum of three dollars; and on and after July 1, 1992, one dollar per month except that the fee shall not exceed four dollars for any six-month period plus the sum of **[**three dollars and fifty**]** five dollars and twenty-five cents.

(c) If a change is made in the records of the Department of Motor Vehicles affecting the date of birth of an operator after the original issuance or renewal of an operator's license, the expiration date shall remain as originally issued or renewed until the license expires. The operator shall then be issued a renewal license to expire on the date of the operator's birthday. No renewal license shall be issued for a period of less than twenty-four months or more than **[**forty-eight**]** seventy-two months depending on the year of the operator's birth. The fee for such renewal license shall be computed at the rate of forty-five cents per month from the last day of the month in which such license expired except that the fee shall not exceed two dollars and fifty cents for any six-month period, plus the sum of one dollar.

(d) The commissioner shall, at least fifteen days before the date on which each motor vehicle or motorcycle operator's license expires, notify the operator of the expiration date. Any previously licensed operator who operates a motor vehicle within sixty days after the expiration date of **[**his**]** the operator's license without obtaining a renewal of **[**his**]** the license shall be deemed to have failed to renew a motor vehicle operator's license and shall be fined in accordance with the amount designated for the infraction of failure to renew a motor vehicle operator's license. Any operator so charged shall not be prosecuted under section 14-36 or 14-40a for the same act constituting a violation under this section but sections 14-36 and 14-40a shall apply after the sixty-day period.

(e) Notwithstanding the provisions of section 1-3a, if the expiration date of any motor vehicle or motorcycle operator's license or any public passenger transportation permit falls on any day when offices of the commissioner are closed for business or are open for less than a full business day, the license or permit shall be deemed valid until midnight of the next day on which offices of the commissioner are open for a full day of business.

Sec. 75. Section 14-41a of the general statutes is repealed and the following is substituted in lieu thereof:

(a) An individual sixty-five years of age or older may renew a motor vehicle or motorcycle operator's license for either a two-year period or a **[**four-year**]** six-year period. The fee for any license issued for a two-year period shall be seventeen dollars. On and after July 1, 1992, the fee shall be nineteen dollars.

(b) Notwithstanding the provisions of subsection (a) of section 14-36d, the Commissioner of Motor Vehicles may waive the requirement that a motor vehicle or motorcycle operator's license issued for either a two-year period or a **[**four-year**]** six-year period to an operator sixty-five years of age or older bear a photograph of the operator upon written application by such operator and a showing of hardship, which shall include, but not be limited to, the proximity of such operator's residence to a Department of Motor Vehicles branch office providing license renewal services.

Sec. 76. Section 14-44h of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Each commercial driver's license shall be renewed **[**quadrennially**]** every six years on the date of the operator's birthday.

(b) A commercial driver's license shall expire within a period not exceeding **[**four**]** six years following the date of the operator's next birthday. The fee for such original license shall be computed at the rate

of [one dollar per month except that the fee shall not exceed five dollars for any six-month period, plus the sum of five dollars; and on and after July 1, 1992,] one dollar and twenty-five cents per month except that the fee shall not exceed five dollars and fifty cents for any six-month period plus the sum of [six] nine dollars.

(c) If a change is made in the records of the Department of Motor Vehicles affecting the date of birth of an operator after the original issuance or renewal of a commercial driver's license, the expiration date shall remain as originally issued or renewed until the license expires. The operator shall then be issued a renewal license to expire on the date of the operator's birthday. No renewal license shall be issued for a period of less than twenty-four months or more than [forty-eight] seventy-two months depending on the year of the operator's birth. The fee for such renewal license shall be computed at the rate of one dollar per month from the last day of the month in which such license expired except that the fee shall not exceed five dollars for any six-month period, plus the sum of four dollars.

(d) The commissioner shall, at least fifteen days before the date on which each commercial driver's license expires, notify the operator of the expiration date. Any previously licensed operator who operates a commercial motor vehicle within sixty days after the expiration date of [his] such operator license without obtaining a renewal of [his] such license shall be deemed to have failed to renew a motor vehicle operator's license and shall be fined in accordance with the amount designated for the infraction of failure to renew a motor vehicle operator's license. Any operator so charged shall not be prosecuted under section 14-36 or 14-40a for the same act constituting a violation under this section but said sections 14-36 and 14-40a shall apply after the sixty-day period.

(e) Notwithstanding the provisions of section 1-3a, if the expiration date of any commercial driver's license falls on any day when offices of the commissioner are closed for business or are open for less than a full

business day, the license shall be deemed valid until midnight of the next day on which offices of the commissioner are open for a full day of business.

[(f) If the holder of a valid public service or class 1 or class 2 license issued pursuant to section 14-36a or 14-44 applies for and is issued, prior to July 1, 1991, a commercial driver's license, the commissioner is authorized to prorate and apply a portion of the fee paid for the unexpired public service or class 1 or class 2 license to the fee paid for the commercial driver's license.**]**

Sec. 77. Subsection (a) of section 14-44i of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Subject to the provisions of subsection (c) of section 14-44h, as amended by this act, there shall be charged a fee of **[**forty-four**]** seventy-five dollars for each renewal of a commercial driver's license. **[**On and after July 1, 1992, such renewal fee shall be fifty dollars.**]**

Sec. 78. Subsection (a) of section 14-50 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Subject to the provisions of subsection (c) of section 14-41, there shall be charged a fee of **[**thirty-five dollars and fifty**]** fifty-three dollars and twenty-five cents for each renewal of a motor vehicle operator's license and an additional fee of nine dollars for each year for each passenger endorsement. There shall be charged a fee of **[**thirty-seven dollars**]** fifty-five dollars and fifty cents for each renewal of a motorcycle operator's license; except that a person who holds a motor vehicle operator's license shall not be charged a fee for the renewal of a motorcycle operator's license if **[**he**]** such person renews said motor vehicle operator's license.

Sec. 79. Subsection (a) of section 14-49b of the general statutes is repealed and the following is substituted in lieu thereof:

(a) For **[**the**]** each new registration or renewal of registration of any

motor vehicle with the Commissioner of Motor Vehicles pursuant to this chapter, the person registering such vehicle shall pay to the commissioner a fee of **[**four**]** ten dollars **[**at the time of each renewal of registration**]** for registration for a biennial period and five dollars for registration for an annual period, except that any individual who is sixty-five years of age or older on or after January 1, 1994, may, at **[**his discretion**]** the discretion of such individual, pay the fee for either a one-year or two-year period. The provisions of this section shall not apply with respect to any motor vehicle which is not self-propelled, which is electrically powered, or which is exempted from payment of a registration fee. This fee may be identified as the "federal Clean Air Act fee" on any registration form provided by the commissioner. Payments collected pursuant to the provisions of this section shall be deposited as follows: (1) Fifty-seven and one-half per cent of such payments collected shall be deposited into the Special Transportation Fund established pursuant to section 13b-68, and (2) forty-two and one-half per cent of such payments collected shall be deposited in a treasurer's account and credited to a separate, nonlapsing federal Clean Air Act account which shall be established by the Comptroller within the General Fund. The federal Clean Air Act account may be used to pay any costs to state agencies of implementing the requirements of the federal Clean Air Act Amendments of 1990 that are not otherwise met by the fees collected pursuant to section 22a-174a. All moneys deposited in this account are deemed to be appropriated for this purpose. The fee required by this section is in addition to any other fees prescribed by any other provision of this title for the registration of a motor vehicle.

Sec. 80. Subsection (i) of section 38a-88a of the general statutes is repealed and the following is substituted in lieu thereof:

(i) (1) If (A) the number of new employees on account of which a taxpayer claimed the credit allowed by this section decreases to less than twenty-five per cent of its total work force for more than sixty days during any of the taxable years for which a credit is claimed, (B)

those employees are not replaced by other employees who have not been shifted from an existing location of the subject insurance business in this state and (C) the subject insurance business has relocated operations conducted in the new facility to a location outside this state, the taxpayer shall be required to recapture a percentage, as determined under the provisions of subdivision (2) of this subsection, of the credit allowed under this section on its tax return and no subsequent credit shall be allowed. If the credit claimed by the taxpayer under this section is attributable to investments made in more than one insurance business, the credit recaptured and disallowed under this subsection shall be that portion of the credit attributable to the investment in the insurance business as described in subparagraphs (A) to (C), inclusive, of subdivision (1) of this subsection. (2) If the taxpayer is required under the provisions of subdivision (1) of this subsection to recapture a portion of the credit during (A) the first year such credit was claimed, then ninety per cent of the credit allowed shall be recaptured on the tax return required to be filed for such year, (B) the second of such years, then sixty-five per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, (C) the third of such years, then fifty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, (D) the fourth of such years, then thirty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, (E) the fifth of such years, then twenty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, and (F) the sixth or subsequent of such years, then ten per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year. Any credit recaptured pursuant to this subsection shall not be in excess of the credit that would be allowed for the applicable investment. The Commissioner of Revenue Services may recapture such credits from the taxpayer who has claimed such credits. If the commissioner is unable to recapture all or

part of such credits from such taxpayer, the commissioner may seek to recapture such credits from any taxpayer who has assigned such credits to another taxpayer. If the commissioner is unable to recapture all or part of such credits from any such taxpayer, the commissioner may recapture such credits from the fund. (3) The recapture provisions of this subsection shall not apply and tax credits may continue to be claimed under this section if, for the entire period that the credit is applicable, such decrease in the percentage of total work force employed in this state does not result in an actual decrease in the number of persons employed by the subject insurance business in this state on a regular, full-time, or equivalent thereof, and permanent basis as compared to the number of new employees on account of which the taxpayer claimed the credit allowed by this section.

Sec. 81. Subsection (c) of section 38a-88b of the general statutes is repealed and the following is substituted in lieu thereof:

(c) Notwithstanding the provisions of subsection (a) of this section, the provisions of subsections (b) and (l) of section 38a-88a, as amended by section 1 of public act 97-292, and subdivision (3) of subsection (i) of section 38a-88a, as amended by section 81 of this act, shall be applicable to all funds.

Sec. 82. Section 12-91 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) All farm machinery, except motor vehicles as defined in section 14-1, to the value of one hundred thousand dollars, any horse or pony which is actually and exclusively used in farming, as defined in section 1-1, when owned and kept in this state by, or when held in trust for, any farmer or group of farmers operating as a unit, a partnership or a corporation, a majority of the stock of which corporation is held by members of a family actively engaged in farm operations, shall be exempt from local property taxation; provided each such farmer, whether operating individually or as one of a group, partnership or corporation, shall qualify for such exemption in accordance with the

standards set forth in subsection **[**(b)**]** (c) of this section for the assessment year for which such exemption is sought. Only one such exemption shall be allowed to each such farmer, group of farmers, partnership or corporation. Subdivision (38) of section 12-81 shall not apply to any person, group, partnership or corporation receiving the exemption provided for in this subsection.

(b) Any municipality, upon approval by its legislative body, may provide an additional exemption from property tax for such machinery to the extent of an additional assessed value of one hundred thousand dollars. Any such exemption shall be subject to the same limitations as the exemption provided under subsection (a) of this section and the application and qualification process provided in subsection (c) of this section.

[(b)**]** (c) Annually, within thirty days after the assessment date in each town, city or borough, each such individual farmer, group of farmers, partnership or corporation shall make written application for the exemption provided for in subsection (a) of this section to the assessor or board of assessors in the town in which such farm is located, including therewith a notarized affidavit certifying that such farmer, individually or as part of a group, partnership or corporation, derived at least fifteen thousand dollars in gross sales from such farming operation, or incurred at least fifteen thousand dollars in expenses related to such farming operation, with respect to the most recently completed taxable year of such farmer prior to the commencement of the assessment year for which such application is made, on forms to be prescribed by the Commissioner of Agriculture. Failure to file such application in said manner and form within the time limit prescribed shall be considered a waiver of the right to such exemption for the assessment year. Any person aggrieved by any action of the assessors shall have the same rights and remedies for appeal and relief as are provided in the general statutes for taxpayers claiming to be aggrieved by the doings of the assessors or board of assessment appeals.

Sec. 83. Subparagraph (B) of subdivision (72) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof:

(B) Any person who on October first in any year holds title to machinery and equipment for which **[**he**]** such person desires to claim the exemption provided in this subdivision shall file with the assessor or board of assessors in the municipality in which the machinery or equipment is located, on or before the first day of November in such year, a list of such machinery or equipment together with written application claiming such exemption on a form prescribed by the Secretary of the Office of Policy and Management. Such application shall include the taxpayer identification number assigned to the claimant by the Commissioner of Revenue Services and the federal employer identification number assigned to the claimant by the Secretary of the Treasury. If title to such equipment is held by a person other than the person claiming the exemption, the claimant shall include on **[**his**]** such person's application information as to the portion of the total acquisition cost incurred by **[**him**]** such person, and on or before the first day of November in such year, the person holding title to such machinery and equipment shall file a list of such machinery with the assessor of the municipality in which the manufacturing facility of the claimant is located. Such person shall include on the list information as to the portion of the total acquisition cost incurred by **[**him**]** such person. Commercial or financial information in any application or list filed under this section shall not be open for public inspection, provided such information is given in confidence and is not available to the public from any other source. The provisions of this subdivision regarding the filing of lists and information shall not supersede the requirements to file tax lists under sections 12-42, 12-43, 12-57a and 12-59. In substantiation of such claim, the claimant and the person holding title to machinery and equipment for which exemption is claimed shall present to the assessor or board of assessors such supporting documentation as said secretary may require, including, but not limited to, invoices, bills of sale, contracts for lease and bills of

lading. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year, unless an extension of time is allowed pursuant to section 12-81k. If title to exempt machinery is conveyed subsequent to October first in any assessment year, entitlement to such exemption shall terminate for the next assessment year and there shall be no pro rata application of the exemption unless such machinery or equipment continues to be leased by the manufacturer who claimed and was approved for the exemption in the previous assessment year. Machinery or equipment shall not be eligible for exemption upon transfer from a seller to a related business **[**organization related to or affiliated with the seller**]** or from a lessor to a lessee except to the extent it would have been eligible for exemption by the seller or the lessor, as the case may be. For the purposes of this subdivision, "related business" means: (i) A corporation, limited liability company, partnership, association or trust controlled by the taxpayer; (ii) an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer; (iii) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer; or (iv) a member of the same controlled group as the taxpayer. For purposes of this subdivision, "control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, other than paragraph (3) of said

Section 267(c).

Sec. 84. (a) Sections 12-170g, 12-170cc and 12-382 of the general statutes are repealed.

(b) In codifying the provisions of this act, the Legislative Commissioners shall delete the reference to section 12-382 that appears in the following section of the general statutes: 36a-44.

Sec. 85. This act shall take effect July 1, 2001; and sections 1 to 3, inclusive, shall be applicable to sales occurring on or after said date; section 4 shall be applicable to income years commencing on or after January 1, 2001; section 18 shall be applicable to sales occurring on or after July 1, 2001; sections 24 and 26 shall be applicable to income years commencing on or after January 1, 2001, with respect to petitions filed on or after October 1, 2001; section 25 shall be applicable to income years commencing on or after January 1, 2001; section 31 shall be applicable to quarterly periods commencing on or after October 1, 2001; section 33 shall apply to payments required to be made on or after July 1, 2001; section 71 shall apply only to customer bills issued after the first day of the first month beginning more than two years after the date of enactment of Public Law No. 106-252; section 30 shall take effect October 1, 2001, and shall apply to sales or purchases made on or after said date; section 37 shall apply to taxable years commencing on or after January 1, 2001; sections 41 and 43 shall apply to calendar years commencing on or after January 1, 2001; section 82 shall be applicable to assessment years commencing on or after October 1, 2001; and section 35 shall apply to all open tax periods; except that sections 27 to 29, inclusive, shall take effect January 1, 2002; and section 19 shall take effect July 1, 2003.